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NEWS SUMMARY

GENERAL

Soccer thugs given warning

Soccer hooligans were given warnings of stiffer penalties yesterday and British Rail said that one club's special trains had been cancelled until further notice.

Mr. Peter Goldstone, the North London magistrate, said: "These young people are terrorising city after city. It is monstrous, indefensible behaviour and the courts must let young people know it will no longer be tolerated."

Mr. Mark Romer, Clerkenwell magistrate, said after hearing that a crowd of 400 football fans had run wild round Euston station: "If law and order is to be maintained, proceedings should be brought under the Public Order Act which empowers courts to impose fines up to £100 or custodial sentences."

British Rail said that Leicester City's special trains had been cancelled because of damage to the club's train to and from Ipswich.

Moscow trial guilty pleas

Pyotr Yakir, aged 50, historian, and Viktor Krasin, aged 44, economist, two Soviet intellectuals and leading figures in the fight for a broader freedom and civil rights, pleaded guilty at their trial in Moscow on charges of being paid agents of Western Fascist groups. Tass News Agency, sole source of information on the trial, said that the two men had repented.

Bombing error reprimand

U.S. Air Force has issued a letter of reprimand and fined the radar navigator of a B-52 aircraft that accidentally bombed the Cambodian town of Neak Luong this month. Three other officers have also been disciplined. Page 7

Indus higher

River Indus reached a record level of 24 feet 7½ inches near Hyderabad, but was thought to be near its peak. Meanwhile, the situation in the Nawabshah district north of Hyderabad worsened as more areas were submerged. The floods cut the national highway connecting Karachi with the rest of the country.

Chile 'easier'

Political tension in Chile eased slightly with reports that President Allende would announce a new Cabinet within the next few days and that there was a distinct possibility that the month-old road transport strike would be settled soon. Page 7

King 'fights on'

King Gustaf Adolf of Sweden was hovering near death, but putting up a "phenomenal" fight for life, according to Professor Gunnar Bloerck, his personal physician. The king is 90.

Rain stops play

Heavy rain built up to a 4ft. deep flood outside the Mermaid Theatre, Blackfriars, London, last night, then burst into the building, covered the stage and stopped the performance of Priestley's An Inspector Calls.

Crash kills 41

All 36 passengers and five crew died when a Colombian airliner crashed into hills near Bogota when on a flight from Bogota to San Andres island in the Caribbean.

Briefly

Inquiry into the fire that killed 49 people at Summerland, Isle of Man, is to be held in public.

Premium Bond £25,000 prize was won by the Bedfordshire holder of Bond No. SPW 633654.

West Indies beat England in the third Test by an innings and 223 runs. Trevor Bailey, Page 3

President Nguyen Van Thieu won all 31 contested seats in South Vietnam's mid-term Senate elections. Page 7

BUSINESS

Non-union labour row at Chrysler

● PLANS for a full-scale resumption of work at Chrysler's strike-hit Coventry engine plant were thrown into confusion after accusations that management had drafted in non-union labour to do work normally carried out by striking electricians. Back Page

● KEY CLAUSE in the Phase Two White Paper which would have given the Pay Board power to check regularly on wage levels in engineering factories and building sites has not been implemented by the Government. Wages paid at construction sites are known to be rising by much more than the £1 plus 4 per cent. limit. Back Page

● AN INCREASE of 18.6 per cent. in pre-tax profits of industrial companies is shown in the latest Financial Times analysis of industrial profits. Page 41

● THE DOLLAR closed at its day's high of Frs.4.320 in Paris and DM2.4700 in Frankfurt, following announcements of a rise in prime interest rates by several U.S. banks.

● WALL STREET closed 7.22 up at 870.71.

Peak demand for executives

● DEMAND for executives is at an all-time peak. The Department of Employment's Professional and Executive Register reports that the rate of filling posts is almost double that of a year ago, with personnel specialists, computer staff and production managers particularly in demand. Page 6

● TRADE UNIONS that have defied TUC policy on the Industrial Relations Act will, in many cases, not be attending next week's annual Congress at Blackpool which is expected to confirm their expulsions for not-deregistering. Page 35

● HUNTERSTON Development Company has joined almost 1,900 individuals and organisations who have lodged objections to Ayrshire County Council's proposed compulsory purchase of land for the BSC's £30m. iron-ore terminal on the Hunterston peninsula. Page 35

● REGULATIONS barring power stations and other coal-burners in the U.S. from switching to oil have been proposed by the White House to help conserve the already short supply of home heating oil available this winter.

Plastics supply threat

● THE PLASTICS supply situation is likely to worsen, following the Japanese industry's decision to slash exports by up to two-thirds over the next few months, to meet domestic shortages. Page 6

● AIRLINES meeting in Nice and Monaco to decide on new fares for next year may decide to extend the use of existing types of promotional air fares. Page 38

● MINISTERS' determination to devise an effective Phase Three to the prices and incomes policy will be increased by the latest NOP findings, which show the Liberals strongly challenging the Tories for second place behind Labour. Back Page

● COURTAULDS will take another step in the development of factory-made protein—still in its infancy—when it makes available, shortly, a new dehydrated version of Kesp, its pre-cooked meat-flavoured product. Page 6

● NORWEST HOLST, the civil engineering and building contractors, can look to the future with "considerable confidence," says chairman Mr. D. B. LeMare. Page 36 and Lex

ON OTHER PAGES

FBI probes Washington blast

Embassy letter bomb similar to those in U.K.

BY DAVID BELL AND ADRIAN DICKS

The letter-bomb which exploded in the British Embassy in Washington yesterday, severely injuring a woman secretary, was similar to the devices planted in London during the past week, the Foreign Office said last night.

Mrs. Norah Murray, aged 51, secretary to the British Military Attache, lost her left hand in the blast, and her right hand was badly injured when the "letter" blew up as she was opening it. Two windows in her office on the fifth floor were blown out by the explosion.

The Foreign Office said that the bomb had been posted in an envelope "similar in size and shape to recent letter bombs found in this country." It had been addresesd to a previous military attache and sent to the Army Postal Service from somewhere in Britain. A spokesman said the sender might have been using an out of date diplomatic list.

Any member of the public may send mail through the Forces postal service provided they know the numbers of British Forces Post Offices overseas. The spokesman said it was possible that the bomb had been posted in Ulster and it wolud probably have been flown to the U.S. on a commercial aircraft.

Sir Alec Douglas-Home, the Foreign Secretary—who is on holiday at his Coldstream, Berwickshire, home— has received a full report on the blast. It is understood Lord Cromer, the Ambassador, is on leave in Britain and the man in charge of the embassy at the moment is Mr. Richard Sykes.

Some months ago the Foreign Office issued a warning about letter bombs to all Embassies abroad. Soon after the present waves of bombs in London staff were again reminded of the danger and of the procedure for dealing with bombs.

In Washington, the Information Counsellor at the Embassy said stringent security had been enforced but the bomb had somehow not been detected.

Federal Bureau of Investigation officials examined the grounds of the Embassy after the blast looking for fragments of the bomb and for a time part of the building was evacuated while a search was made.

Mrs. Murray was understood to be alone in her office at the time, and no one else was hurt in the blast, which occurred just after the embassy staff arrived for work at 9.00

The FBI and the Washington police have begun a full inquiry.

Mrs. Murray, who is 51, was born in County Galway but is a British citizen. She had arrived in Washington only a few months ago after working for some years at the Ministry of Defence in London.

The State Department issued a statement strongly deploring what it described as "a shocking act of violence against a diplomatic mission accredited to this country, and we express our deep regret to both Her Majesty's Government and to the innocent victim of this senseless attack."

In less formal terms, American officials and ordinary people in the street here to-day were shocked and angered by the incident. Although the responsibility for checking incoming mail is that of individual embassies and missions rather than of the American authorities, there seem certain to be calls for still better protection for the diplomatic community. Last month an Israeli military attache was the victim of a similar letter-bomb attack.

News of the embassy blast was greeted with surprise by the Provisional Sinn Fein, political wing of the IRA Provos.

"I have just been speaking to our people in New York and Baltimore and they gave me no indication whatsoever of any bomb at the British Embassy," said a Sinn Fein spokesman in Dublin.

Office workers are given a grave warning this morning by Scotland Yard to take great care in opening mail that has built up over the long Bank Holiday week-end.

Any small unexpected parcel or thick letter should be suspect and must be put aside—not into water or sand—until the police have had a chance to investigate.

"This is a desperate situation. I do not think we have reached the end of the wave yet. There must be others lying about." Deputy Assistant Commissioner Ernest Bond stressed yesterday.

The police emphasised that they would rather members of the public called them to investigate suspicious mail than risk

Continued on Back Page

The 1939 campaign, Page 10

More pressure for higher home loan rates

BY DAVID WALKER

A DRAMATIC drop in the inflow of funds to building societies this month is likely to lead to yet greater pressure for a further increase in mortgage rates at the next meeting of the Building Societies Association council on September 14.

Preliminary indications are that net receipts by the societies this month could be as much as 30-40 per cent. down on the record July figure of £225.3m.

At the same time, pressure is mounting for Government action to curb interest rate rises or, at the least, for a clear Government policy statement on the subject.

Within the building society movement, unfavourable comparisons are being drawn between the way the Government has been intervening in building society affairs while leaving the banks to fix their interest rates in the normal competitive manner.

Either it should be made clear to building societies that they should compete fully with the banks for investors' money or a climate should be created in which rates can be kept down, it is being argued.

The cause of the sudden change between July and August is that the flow of funds from investors is said to have dropped at the same time as the level of withdrawals increased substantially.

The situation is particularly worrying to building society chiefs because the latest figures do not fully reflect the movements in the interest rates now offered by the banks and other bodies competing for investors' funds.

The movement in banks' rates started at the beginning of this month, but the 6.75 per cent. tax paid offered by most societies, equivalent to 9.64 per cent. gross, meant societies maintained their competitive edge though they were forced to rescind a decision to reduce interest rates next month.

The gap between the building societies and the banks, however, virtually closed last week when Lloyds Bank put its deposit rate up to 9.5 per cent., or 6.5 per cent. net.

With other interest rates moving similarly so that, for example, some local authorities now offer better terms than building societies, the outlook for the future flow of funds does not appear good.

As a result, next month's Building Societies Association council meeting seems certain to see calls for a net investors' rate of at least 7 per cent., implying a mortgage rate of 10.5 per cent., compared with the 10 per cent. recommended by the council a fortnight ago.

Some society leaders are already talking in terms of the possibility of 11 per cent. mortgages.

The key point on which the Government is likely to be asked to make its policy clear is contained in the Bank of England policy document on competition and credit control published in May, 1971.

This introduced the era of free competition on interest rates but, at the same time, included a clause allowing for State intervention to curb the terms offered by banks if building society finance was being impaired.

"We are now in the situation which was envisaged then," Mr. Roy Cox, chief general manager of the Alliance Building Society, the sixth largest, claimed yesterday.

"The Government has to make clear whether it is going to follow that policy or not. The need is for the Government to say what it is going to do."

Mr. Anthony Crosland, "shadow" Secretary for the Environment, yesterday criticised the present situation as "utter chaos."

There was no long-term housing policy of any kind, he maintained. The policy of free competition on interest rates was putting unbearable pressure on building societies and, through them, on all young couples who wanted a home.

He called for the Government to say promptly what action it proposed to help home buyers.

Arab oil policy against Israel

BY IHSAN HIJAZI

BEIRUT, August 27

PRESIDENT SADAT of Egypt returned to Cairo to-day after visiting Saudi Arabia, Syria, and Qatar to discuss plans for using Arab oil and Arab money as weapons in the struggle against Israel.

There is a speculation in the Beirut press that as a result of President Sadat's visit, King Feisal of Saudi Arabia has decided to refuse to raise Saudi oil output much above the present 8m. barrels a day.

Saudi Arabia is the United States' greatest source of Middle East oil. Aramco, which exports the Saudi oil, has ambitious plans to increase output there by 30 per cent. a year. Unconfirmed reports in the Beirut Press say the King has decided he will limit the annual expansion of production to 10 per cent.

Informed sources here say they expect Col. Khedaffi, the Libyan leader, to announce on September 1 the 51 per cent. nationalisation of the Libyan operations of those oil companies that have not already agreed to this measure.

The companies involved are Shell, Texaco, Mobil, Exxon, and Standard Oil of California. They had been given until last Saturday to negotiate an agreement with the Libyans.

'No alternative'

An Arab oil expert has said the Libyan takeover of 51 per cent. of the assets of Occidental and the Oasis group has helped the Kuwaiti Government in its demand for an equal share in the Kuwait Oil Company (KOC), owned on a 50/50 basis by British Petroleum and Gulf Oil Corporation.

Dr. Elias Sarkis, in an interview with the Beirut Left-wing weekly, Al Balagh, believes the two companies may have no alternative but to acquiesce to the Kuwaiti demand just as Occidental and Oasis had yielded to Libya.

After pressure from Parliament, the Kuwaiti Government had decided not to sign the participation agreement which had been concluded by Saudi Arabia, Abu Dhabi and Qatar and which gave the three countries an initial share of 25 per cent. in the concessions of their guest companies.

Dr. Sarkis also believes the Libyan takeover has upset the original participation accord and is bound to affect the position of the companies in Gulf region and in Saudi Arabia.

He said the Saudi Government especially may now be on the spot to demand a 51 per cent. share in Aramco without having to wait until 1980, as the participation accord has stipulated.

In Milan the newspaper Il Sole-24 Ore reported that British Petroleum and Gulf Oil had decided to sell 51 per cent. of the Kuwait Oil Company, which they own jointly, to the Kuwait Government.

According to the newspaper the two oil companies have been given an unspecified period of time to arrange the transfer.

Gulf Oil in New York had no comment to make on the report and a BP spokesman in New York said he had heard nothing about such a deal.

Editorial comment Page 10

Crisis in Libya Egypt merger, Page 7

Prime rate at 9¾% in U.S.

BY NICHOLAS COLCHESTER, U.S. FINANCIAL CORRESPONDENT

NEW YORK, August 27

THE RAPID rise in the U.S. banking industry's prime lending rate continued this morning when three major banks announced that they were raising their prime to 9¾ per cent.

These rates, a new record, drew "no comment" from the Administration's Committee on Interest and Dividends but Representative Wright Patman, the chairman of the House Currency and Banking Committee, criticised the move.

Apart from Chase, the other two banks to put up their rate to 9¾ per cent. were Franklin National Bank of New York and Continental Illinois National Bank and Trust Company, of Chicago.

Chase said its action was aimed at "catching up with market conditions" and the new rate brings the bank's fee to its largest corporate customers more into line with the general level of short-term rates the prime has been for some weeks.

Rather mixed

Over the past fortnight interest rates have been rather mixed in their movements, though the overall level has remained high. Three-month commercial paper was costing about 10¾ per cent. at the end of last week—1 per cent. above to-day's new prime.

With the Government already warning the public that the wholesale price index will have risen at "an astounding rate" in August, there is a chance that the Committee on Interest and Dividends will again have something to say about Chase's action after having turned a blind eye to the prime for some months.

On the other hand, Salomon Brothers points out that commercial bank loans have increased by $40,000m. in the first seven months of this year—twice the rate of increase last year and no less than four times the rate of increase in the credit-squeeze year of 1969. These figures are important to a central bank that is trying to cool monetary growth by letting the cost of money rise.

Representative Patman, long a scourge of the banking industry, said to-day that he would insist that the Justice Department look into the increase in the prime—the Justice Department being the enforcer of anti-monopoly law in this country.

He also revealed that his House Banking Committee would start two weeks of hearings on September 10 "covering the whole subject of the present economic situation including interest rates."

Heath flies to Ulster for talks to-day

BY JOHN BOURNE, LOBBY EDITOR

THE Prime Minister flies by RAF aircraft this morning for his planned two-day visit to Ulster.

Despite the spate of letter-bombs in London and growing Tory back-bench anxiety about the activities of the IRA in Britain, it is not expected he will discuss these issues at length—if at all—with the leaders of the newly elected Northern Ireland parties when he meets them separately to-day and to-morrow.

Mr. Heath's main purpose is still to maintain the Government's pressure on local politicians to agree on the composition and operation of a Northern Ireland Executive Council, as provided for in the recent Northern Ireland Constitution Act.

Mr. Heath will arrive in Belfast about mid-morning in time for preparatory talks with Mr. William Whitelaw, Secretary for Northern Ireland, who returned to Stormont early yesterday from his holidays.

This afternoon, Mr. Heath will attend the memorial service in St. Anne's Cathedral to Lord Brookeborough, a former Northern Ireland Premier for 20 years. He will then start his discussions with the Ulster political leaders, and see members of the security forces.

Although the official line in Whitehall is that "considerable progress" has been made towards the goal of establishing a new Protestant-Roman Catholic Administration on a power-sharing basis, Mr. Heath is well aware that discussions have become rather bogged down.

The Northern Ireland Assembly's standing orders committee, appointed early this month, is understood to be still arguing about such niceties as where and how the committee should meet.

Urgency

The committee, it is understood in London, has not yet got down to its main task of drawing up rules and orders for the Assembly.

Mr. Heath is expected to stress the need for urgency to the leaders of the parties whose representatives sit on the committee, and also to emphasise that when the Assembly is recalled from its summer recess the Ulster politicians must try to agree as quickly as possible on the composition of an Executive.

No date has yet been fixed for the recall of the Assembly.

The Prime Minister will point out that unless an Executive is appointed and approved by next March, it will then be too late, because the provisions of the Constitution Act for making a devolution order concerning certain powers from Westminster to the Executive will have expired.

Mr. Heath and the Government realise that unless the Northern Ireland parties are moving towards the possibility of agreement on an acceptable form of limited self-government by the end of September, there is a real danger that at the British Labour Party conference at Blackpool during the first week in October Labour rank-and-file will press for an end to the present British bi-partisan policy towards Ulster.

Meanwhile, in London, Government departments and the nationalised industries are tightening their security arrangements—in accordance with Mr. Heath's instructions last week—for the opening of mail which has piled up over the Bank Holiday week-end.

Mr. Heath said at a week-end Press conference that the question of making the IRA an illegal organisation and restricting travel to and from Northern Ireland was something the Government had been considering for some time, but it did not want to interfere with normal business travellers from Northern Ireland to the U.K.

Difficulties

As for outlawing the IRA, this would require legislation, and he did not envisage recalling Parliament at present.

The feeling in Whitehall yesterday, despite the Prime Minister's assurance that such measures were under consideration, was that the practical and legal difficulties in their way were formidable.

Home Affairs Ministers in Whitehall seem to regard the existing powers of the Home Secretary under the latest Immigration Act as sufficient.

Mr. James Callaghan, Labour's "shadow" Foreign Secretary, said in a radio interview yesterday that letter and other bomb outrages in London were only setting back the cause of those Republicans who believed in a united Ireland.

Strict security, Back Page

£ in New York

	August 27	Previous
Spot	$2.4650-4630	$2.4610-4630
1 month	1.15-0.05 dis	1.15-1.05 dis
3 months	3.02-2.92 dis	3.06-2.96 dis
12 months	8.40-8.25 dis	8.40-8.30 dis

Letters to the Editor

BRACKEN HOUSE, CANNON STREET, LONDON, EC4P 4BY

Management, marketing and technology

Sir,—Two interesting but apparently unrelated topics have been debated in your correspondence columns in recent weeks. I refer to the exchange of views between Ralph Windle (July 26) and Peter Blood about the institutionalisation of marketing and the discussion by Professor Gregory, Dr. Ing. Seetzen and Dr. Watkins on a subject which began as "Engineers and Management," progressed through "Management of Technology" and appeared on August 22 as "Innovation Management."

In the 1950s much of the literature about innovation attributed success to factors connected with research and development, and implied that investment in R and D would, by itself, produce great rewards. By the late 1960s this view had become somewhat discredited and studies were emphasising the marketing aspects of the innovation process as the determining factors in success.

Project SAPPHO, which we carried out at the Science Policy Research Unit, found that successful innovation depended on efficient performance of both marketing and R and D, as well as good management. It has been suggested by some that our results are only common sense, and when Professor Gregory says that "research . . . which confirms that which is already widely suspected and practised by many is not news," he is, of course, correct.

But research which shows, despite the claims of many practitioners that they avoid well-known problems, that avoidable mistakes are still made, and unnecessary failures occur, is significant. Obviously identifying the symptoms of an illness is no help unless a cure can be found, which is why part of the follow-up to the SAPPHO project was an attempt to see how mistakes could be avoided in the future.

The R and D Marketing interface was found in SAPPHO to be an important problem area in unsuccessful innovations, and the interaction between R and D and marketing is now given much attention both by managers and academics. Ensuring efficient communication between the two departments is a cause of concern in many organisations, but I should like to suggest that it is the very nature of the organisational structures and the specialisations which they enshrine that leads to many of the problems.

The R and D / marketing barrier only became evident when R and D and marketing established their own empires. Now some people try to use corporate planning units to ensure that both marketing and R and D talk the same language and contribute to the same objectives, and as this happens one begins to hear comments about the ivory tower nature of some corporate planning departments.

Terms like "R and D management," and "management of technology" have been used in your columns as if these are ends in themselves, and Mr. Blood's letter seems to imply the same for marketing. If this is correct I believe that it is a dangerous misunderstanding. It may be a naive model, but I view all organisations as having certain resources and a set of implicit or explicit objectives. The problem, and it is a management problem, is to utilise the available resources to achieve the objectives. There are many techniques which managers can use, and one of the attributes of a good manager is knowing what is available and where it can be acquired.

Where R and D is concerned techniques such as project planning, creativity and problem solving, for instance, are relevant, as in marketing are the skills of media advertising and market research. Clearly it is important for those developing new skills to do all they can to make industry aware of them, as Dr. Peason's unit at Manchester does so well.

I suggest, however, that the more people seek to promote the idea that there is such a thing as an "R and D manager," or a "marketing manager," rather than a manager who, at the particular time, commands R and D or marketing resources, the more they encourage an undesirable institutionalism which inevitably leads to organisational barriers and internal communications problems. The name of the game is management, and I strongly endorse Ralph Windle's reservations about the dangers of institutional separation of managers on the basis of the type of resource with which they are occupied. Among the many hazards of this approach, particularly when it extends to those educational organisations which awards "professional qualifications," is that it will increase the likelihood of producing the "blinkered graduates" of which Mr. Coleman recently, and somewhat unfairly, complained.

Paul Jervis,
4 Welford Gardens,
Abingdon, Berks.

Accountancy training

Sir,—Mr. M. J. Lafferty's letter (August 20) concerning accountancy training is riddled with inconsistencies. He contends that the training of cost accountants is inferior to that of chartered accountants and then goes on to conclude that the "only real solution" is the merger of all accountancy bodies.

Integration proposals were soundly defeated by members of the English Institute of Chartered Accountants and such thoughts are now as dead as a dodo. Chartered accountants have nothing at all to gain from amalgamation with any other body.

The Association of Certified Accountants are rent by internal divisions in their administrative structure, have a falling membership and lack purpose and direction—they are a ship without a rudder.

The Institute of Cost and Management Accountants is a specialised body lacking in ambition and outlook, whose earlier hopes of greatness have been submerged by the growth of the business schools.

In every walk of life there are inevitably differences in quality and we fool ourselves if we deny that this is so. I agree with the views of Mr. Ian Hay Davison of Arthur Andersen and Co., who sees chartered accountancy as an all graduate profession with the highest standards of education, training and conduct.

Let the other bodies merge to provide a suitable training and qualification for those who are unable or unwiling to aspire to the heights demanded for the senior qualification and designation of chartered accountant. In footballing terms what would Liverpool gain from merging with Tranmere Rovers? And is not Tranmere providing very good service to football even though on a lower plane than their illustrious neighbours?

I am a little tired of the activities of potentates from the cosy realms of semi-retirement in Universities, who think they can solve the problems of the business world so I discard in advance the very long awaited report from Professor Solomons. If Professors concentrated more on their real jobs—the teaching standards of their own institutions—we would have far less trouble within Universities and far fewer thoroughly bored and disilusioned graduates drifting into industry.

Benedict Mulcair,
267 Brereton Gardens,
Formby, Lancs.

No management skills

Sir,—I read with much interest Mr. M. J. Lafferty's letter published in your issue of August 20. With the substance of that which he says I am fully in agreement. I am not a member of the accounting bodies in question, so perhaps I can speak without bias. I am an associate of the Chartered Insurance Institute, and for some 35 years have held managerial positions closely linked with finance and accountancy.

While I have every admiration for the modern accountancy techniques of newly qualified members of the ICMA and ACA I find that they are sadly lacking in the skills and qualities of pure management. Here the ICMA falls down the harder of the two perhaps because it saw fit to introduce the word "management" into its title. Its use implies a skill which is often lacking in the product. Management goes far further than the projection of figures aimed at assisting top executives. I am sure that any man who holds the position of manager, administrator, or even managing director, will agree with me.

It is up to the bodies concerned to remedy this deficiency and to increase the requirements of practical experience. If this is not done then the product of the training will emerge as a skilled "figure man," and not as a potential leader. If this is really too much to ask in the five parts of the examination why not end the farce of bestowing the Fellowship after ten years, and hold a Fellowship examination in, say, two parts?

W. A. Sydney.
"Crosland," 60, The Riding,
Woodham Lane,
Woking, Surrey.

More than only cash books

Sir,—Mr. M. J. Lafferty (August 20) questions a reference in a letter (August 14) by Mr. C. A. Curthoys, the Institute of Cost and Management Accountants' director of public relations, to "the exacting practical experience requirements" for membership of the ICMA.

Mr. Lafferty asserts: "In my experience, many ICMA students spend their years of training in either keeping laborious costing records or writing up cash books." He then says: "Yet they seem to have little difficulty in gaining admission when they pass their examinations."

Both are completely unfounded and damaging allegations. Now Mr. Lafferty is, I believe, a recently qualified associate of the Institute of Chartered Accountants in England and Wales—at least it seems he qualified too late to get into the 1971-72 members' list. So what is his experience of what ICMA students do? The answer must be that he can have little experience—or none.

Consider the facts. The ICMA applications committee works with three A4-size sheets of guidance notes when considering applications for associateship (there are others, of course, for fellowship). These state, first, that applicants must have passed the prescribed examinations, be at least 21 years of age and have had *at least* three years' practical experience as specified by the Institute.

Then follow four sections under the headings cost accountancy; advanced cost and management accountancy; financial accountancy; advanced accountancy and financial management, company law, taxation. Experience of the first two sections is essential, of the second two, desirable. Each section is broken down into numerous subjects which would take far too much space to detail here. Suffice it to add that there must be corroboration of all applicants' claims to experience and that, *inter alia*, teaching or lecturing is not acceptable as practical experience.

This is hardly "keeping laborious costing records or writing up cash books," as Mr. Lafferty claims.

The regulations for admission to membership are laid down in the ICMA's articles of association. That they are rigidly enforced is shown by figures in the ICMA's annual report for 1972. Although there were 723 admissions to membership during the year, no fewer than 84 applications for fellow or associate membership were rejected on the grounds of insufficient range and depth of experience. There is no easy way to membership of the ICMA, and Mr. Lafferty should have ascertained the facts before making such a charge.

S. J. Careless.
Deputy Chairman/Deputy Group Managing Director,
C. and W. Walker Holdings.
Donnington, Telford, Shropshire.

The experience gained by an articled clerk varies greatly from one practice to another, but it is not infrequently limited to the preparation of accounts from incomplete records. He is not required to have any industrial experience before applying for membership of the ICA. Although he may well have helped on audits in a variety of companies while training, he is in the novice class when he takes his first job in industry. Impressions are no substitute for practical experience. The ACMA, on the other hand, has trained in an industrial or commercial environment. He is qualified in depth in his specialised accountancy discipline; the ACA who goes into industry normally has to start gaining practical experience.

Should Mr. Lafferty remain unconvinced, I would refer him to a letter (Financial Times, August 15) by Mr. T. C. Webb, president of the Association of Chartered Accountant Students' Societies, which, for some time, has been agitating for an end to articles.

Mr. Webb wrote: "Few accounting practices can to-day provide the overall complex of education *and experience* (my italics) needed by students. . . . In consequence, a student may not gain varied experience and knowledge which the business community is entitled to assume he should possess when he styles himself a "Chartered Accountant" upon qualification . . . he may just have qualified and have spent the entire period of his articles in a firm that merely performed book-keeping services for his clients."

Like "keeping laborious costing records or writing up cash books"?

Diary no help to a trainee

Sir,—I do not think that Mr. Brancher's suggestion (August 23) of a "diary" will necessarily provide better training even though it may disclose an inadequate practical training on application for membership of the Institute and would so react unfavourably so far as the principals are concerned. It certainly would not help the trainee at that late stage and in any event his application normally has to be supported by his principal giving details of the training experience of the articled clerk.

The problem is that the profession is becoming divided into two distinct types of practices, large ones where there are separate departments for audit, tax, insolvency, investigations, etc., and where in many instances the work for small clients is discouraged so that the emphasis is on the audit of large public companies. Such is the demand for staff in these practices that the trainee seldom gets the opportunity to do more than public company audit work, most of the other work being carried out by permanent specialised staff. As a result these firms produce very good auditors but little else from a practical point of view.

Medium and smaller firms, while affording a good practical training in many branches of the profession, seldom have large public companies' audits but their work is mainly for smaller private companies, sole traders, incomplete records and taxation. As there is an irregular flow of other work it is a matter of chance whether any particular trainee gets experience in that other work as it arises, but at least he generally receives a good basic training from which he can go forward to a post-articled employment with a larger firm in order to extend his horizon.

In theory the solution would be to establish a system of interchange of employees between the large and the smaller firms for part of their training periods. This, however, would necessitate an equalisation of remuneration particularly between the big London firms and the small provincial firms and the acceptance by the clients of the smaller firms of the inevitable increase in fees that such an arrangement would involve.

S. W. Penwill.
536, Salisbury House,
London Wall, E.C.2.

Waste heat

Higher energy no danger

Sir,—I was intrigued by your report on August 21 of a statement attributed to Sir Kingsley Dunham about the possible danger to life on earth from temperature increases due to the development of energy sources sufficient to give everybody in future a standard of living equal to the highest so far achieved. I should be grateful if you could publish my simple analysis of the situation, which indicates that such a view is, at the very least, highly disputable, and hardly worthy of inclusion in such a form in a presidential address of this kind.

I reason as follows: Assuming that living standards bear a direct relationship with total energy consumption, as a starting point for the argument. Then take, say 25 tons per annum of "coal equivalent" consumption per head of population to represent the desired standard (compared with an average, at present, of about 7 for the U.K. and between 15 and 20 for the U.S.). Next assume that the total world population rises to, say, 20,000m. Thus the total average energy consumption in the world would rise to about 5×10^{11} kW, which would have to be dissipated into the atmosphere and radiated into space, in the absence of fundamental changes in the way we dispose of waste heat.

The total solar radiation constantly absorbed by earth's atmosphere at present amounts to an average of about 5×10^{11} kW, and this is subject to an annual variation of at least plus and minus 3 per cent. due to the earth's revolution around the sun, as well as to additional, longer-term variations due to cyclic (11-year sunspot period) and evolutionary changes in the solar energy output, which have been of at least equal magnitude during the traceable existence of man on earth. In other words, variations at least three to six times greater than those involved with my quantification of Sir Kingsley's hypothesis have been a continuing feature of man's environment throughout the course of known history.

Am I wrong, therefore, in deducing that the learned B[...] Association president had tongue in his cheek when [...]ing his new "Canterbury T[...]

R. Taylor.
"Little Mell," Abbotsbrook,
Bourne End, Bucks.

Tuesday Club support

Sir,—May I correct an [...] of fact which appeared in [...] report (August 22) about [...] "Tuesday Club."

At no time was reference [...] by anyone concerned with [...]ing it to "Group 73"; inde[...] have received a number of [...] from Tuesday Club suppo[...] asking what the "Group 73 [...] and whether it is, like[...] opposed to British membersh[...] the Common Market.

While we would not tak[...] ception to any group or orga[...]tion getting a little spin-off [...] our activities, and while I [...] a high personal regard for [...] Group 73 members, the [...]pletely false assertion tha[...] had claimed (or even so[...] that group's support has a [...]gestion of "smear by de[...] tactics.

That being said, we would [...] to wish the members of [...] 73—all 25 of them—every su[...] in the future.

Bee Carthew
(a member of the Tuesday C[...]
8 Flat, 7 Park Road,
East Twickenham,
Middlesex.

How to cash $4 cheque?

Sir,—Until recently my [...]pany was faced with the [...] problem as your correspon[...] Dr. Mackay (August 20). [...] bank (one of the big four) [...] adamant that by agreement [...] other banks it must charg[...] per cheque, however few [...] dollars. We consulted num[...] friends in the City; eve[...] Bank of England had no [...]gestions to offer.

But the answer was both [...] and profitable: we open[...] savings account with the [...] National City Bank of New [...] although they charge 15p [...] single cheque up to the eq[...]lent of £150, the charg[...] batches of cheques is calc[...] on the *total value*, dimini[...] to 0.1 per cent. of the total [...] of large batches. Moreove[...] leaving money received from [...] sales to accumulate and [...] interest we have converted [...] drain to a net gain.

G. P. Henderson.
CRD Research, 154, High S[...]
Beckenham, Kent.

TV/Radio

† Indicates programme in black and white

BBC 1

†9.55 a.m. Champion The Wonder Horse. †10.20 Noggin and the Flying Machine. 10.30 Animal Design. 1.30 p.m. In the Town. 1.45 News. †1.50 Ar Gais Carwyn. 2.15 Disney Cartoon. 2.30 Pink Panther. 2.40 Tom and Jerry. 2.50 Happiest Days of Your Life. 4.15 Play School. 4.40 Jackanory. 4.55 The Monkees. 5.20 Soper at Large on the Sussex Down.

5.45 News.
†6.00 Your Region To-night.
†6.20 Laurel and Hardy in "Chickens Come Home."
†6.50 British Film Night: "Carrington V.C.," starring David Niven and Margaret Leighton.
8.30 Seven of One, starring Ronnie Barker.
9.00 Nine O'clock News.
9.25 The Commanders, Part 3: Georgi Zhukov, Marshal of the Soviet Union.
10.15 Film 73.
10.45 Midweek on Drugs.
11.40 Late Night News.
11.45 Where Do We Stand . . . on Personal Morality

All Regions as BBC-1 except at the following times:—

Wales—5.20-5.44 p.m. Telewele. 6.00-6.20 Wales To-day. 6.50-7.20 Heddiw. †7.20-9.00 Film: "Carrington V.C." 10.15-10.45 Pass The Buck. †12.12 a.m. News of Wales.

Scotland—6.00-6.20 p.m. Reporting Scotland. 10.15-10.45 Festival 27 from the 27th Edinburgh International Festival. 12.12 a.m. Scottish News Headlines.

Northern Ireland—6.00-6.20 p.m. Scene Around Six. 10.15-10.45 The French Way. †12.12 a.m. Northern Ireland News Headlines.

England—†6.00-6.20 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (from Southampton); Spotlight Southwest (from Plymouth). 10.15-10.45 North (from Leeds) Northern Enquiry; North West (from Manchester) Fells, Becks and Sea Shores; North East (from Newcastle) Jeux Sans Frontieres; Midlands (from Birmingham) Contact; West (from Bristol) The Hart Interview; South West (from Plymouth) Peninsula; South (from Southampton) 10.15-10.35 Royalist Offshore and 10.35-10.45 Racing Round the World; †East Anglia (from Norwich) on Camera. †12.12 a.m. Regional News Headlines.

BBC 2

11.00 a.m. Play School.
7.30 News Summary.
7.35 Collector's World.
8.00 Hillaby Walks.
†8.30 "Hallelujah I'm a Tramp," starring Al Jolson and Harry Langdon.
9.40 Black and Blue.
10.40 Wild and Winsome Women.
11.10 News Extra.

LONDON

9.30 a.m. Cartoon. 9.45 Woobinda. 10.10 Manfred. 10.20 Marcus Welby MD. 11.15 Galloping Gourmet. 11.40 Arthur! 12.05 p.m. Rainbow. 12.25 Nally and Jake. 12.40 First Report. 1.00 Lunchtime with Wogan. 1.30 Emmerdale Farm. 2.00 Harriet's Back in Town. 2.30 The Best of "Good Afternoon!" 3.50 Racing from Epsom. 4.25 Junior Showtime. 4.50 Magpie. 5.20 Arnie.
5.50 News from ITN.
6.00 The Shadoks, followed by To-day.
6.40 Crossroads.
7.05 The Best of "Father, Dear Father."
7.35 Movie of the Week: "The Week-end Nun."
9.00 Sam.
10.00 News at Ten.
10.30 The Play's the Thing.
11.00 Wrestling.
11.45 Here We Go Again.
12.15 a.m. Auroville: Rani Dube talks to Chris Lukas, who has recently returned from Auroville in India.

All ITV Regions as London except at the following times:—

ANGLIA

10.05 a.m. The Enchanted House. †10.15 Tales of Edgar Wallace. 11.05 Play Better Tennis. 11.30 Funky Phantom. 12.05 p.m. Anglia News. 2.30 About Women. 5.20 The Partners. 6.00 About Anglia. 7.00 Cartoon. 7.05 Mystery Movie—Banacek. 8.30 Man About the House. 11.45 Reflection.

ATV MIDLANDS

10.00 a.m. Stingray. 10.25 Man and his World. 10.45 Women Today. 11.35 Yoga For Health. 12.00 ATV Programme Guide. 2.30 p.m. Women Today. 5.20 The New Dick Van Dyke Show. 6.00 ATV Today. 7.00 The Partridge Family. 7.30 Tuesday Western: "Hangman's Knot," starring Randolph Scott and Lee Marvin.

BORDER

10.30 a.m. Ed Allen Time. 10.55 Felix The Cat. 11.05 Thunderbirds. 2.30 p.m. Women Today. 5.20 Me and the Chimp. 6.00 Border News and Lookaround. 7.00 Cartoon. 7.15 Mystery Movie: McCloud. †11.45 Border News Summary.

CHANNEL

12.55 p.m. Channel News Headlines. 2.30 Women Today. 5.20 The Partridge Family. 6.00 Channel News. 6.10 Channel Lookaround. 7.30 Curtain Raiser. 7.35 Mystery Movie: Banacek. 11.45 Commentaires et Previsions Meteorologiques.

GRAMPIAN

12.00 Mid-day Round-up. 2.30 p.m. Katie Stewart Cooks. 5.20 The Doris Day Show. †6.00 Grampian News. 6.05 Top Team. 7.00 Cartoon Time. 7.15 Mystery Movie: McCloud. 11.45 Cold Rodders. 12.05 a.m. Meditation.

GRANADA

10.05 a.m. Hammy Hamster's Adventures on the Riverbank. 10.15 The Fabulous World of Ski-ing. 10.40 Untamed World. 11.05 Here's Lucy. 11.30 Galloping Gourmet. †11.55 Chess Masterpieces. 2.30 p.m. Man and his World. 5.15 Nature's Window. 5.20 Crossroads. 6.00 Northern News followed by Police File. 6.15 Lowry at 85. L. S. Lowry talks to Bob Greaves about his dislike for the modern Manchester and Salford. 6.45 The Action Film: "Return of the Gunfighter," starring Robert Taylor. 8.30 Man About The House. †11.45 Scotland Yard Casebook.

HTV

2.30 p.m. Houseparty. †5.20 Chuckleheads. 5.25 Crossroads. 6.01 Report West. 6.18 Report Wales. 6.35 The Partners. 7.35 Mystery Movie: "Madigan."

SCOTTISH

10.05 a.m. The Galloping Gourmet. †11.20 Bellbird. †11.35 Time to Remember. 12.00 Ba-Bar. 2.30 p.m. Women Today. 5.20 Calimero. 5.25 Crossroads. 6.00 STV News. 6.05 Bonanza. 7.35 Mystery Movie—Cool Million. 11.00 Late Call. 11.05 Festival Magazine with Douglas Rae. 11.35 Wrestling.

SOUTHERN

10.05 a.m. Paulus. 10.15 Yoga for Health. †10.40 "Canyon Crossroads" starring Richard Basehart. 12.00 Southern News. 2.30 p.m. Houseparty. 5.20 Cartoon. 5.25 Crossroads. 6.00 Day by Day. 6.45 Father, Dear Father. 7.15 Tuesday Film: "Climb An Angry Mountain," starring Fess Parker. 11.45 The Adventurer. 12.15 a.m. Southern News Extra.

TYNE TEES

9.35 a.m. Beginnings. 9.45 Rediscovery. 10.05 You And Your Golf. 10.30 Ed Allen Time. 10.55 Felix The Cat. 11.05 Thunderbirds. 2.30 p.m. North East News Headlines. 2.31 Good Living. 5.20 Here's Lucy. 6.00 North East News. 6.05 Nanny and the Professor. 7.00 Cartoon Time. 7.15 Mystery Movie: McCloud. 11.45 North East News Headlines. 11.50 Scales of Justice. 12.20 a.m. Lectern.

ULSTER

11.10 a.m. Manfred. 11.20 Ed Allen Time. 11.45 Romper Room. †12.50 p.m. Ulster News Headlines. 2.30 Women Today. †4.23 Ulster News Headlines. 5.20 Let Them Live. 6.00 UTV News. 6.10 The Flintstones. 7.00 The Doris Day Show. 7.30 Mystery Movie: Madigan. 8.50 Cartoon Time.

WESTWARD

10.25 a.m. How. 10.50 Towards The Year 2000. 11.15 The Saint. 12.25 p.m. Gus Honeybun's Birthdays. 12.30 Westward News Headlines. 2.30 Women Today. 5.20 The Partridge Family. 6.00 Westward Diary. 7.30 Curtain Raiser. 7.35 Mystery Movie: Banacek. 11.45 Westward Late News. 11.46 Faith For Life.

YORKSHIRE

9.40 a.m. Lidsville. 10.05 You and Your Golf. 10.30 Ed Allen Time. 10.55 Felix the Cat. 11.05 Cowboy in Africa. 2.30 p.m. Good Living. 5.20 Here's Lucy. 6.00 Calendar News. 6.05 Let Them Live. 7.00 Cartoon Time. 7.15 Mystery Movie: McCloud. †11.45 Douglas Fairbanks Presents.

RADIO 1 247m

(S) Stereophonic broadcast.

[illegible] and 2.45 Sports Desk. 3.02-5.00 Desmond Lynam (S) including Cricket: Warwickshire v. Northamptonshire, Hampshire v. Nottinghamshire. 3.45 Sports Desk. 4.15 Waggoners' Walk and 4.45 Sports Desk. 5.02 Tony Brandon (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Three in a row. 7.30 Sports Desk. 7.32 The Organist Entertains (S). 8.02 Sam Costa introduces More Melodies for You (S). 9.02 Sweet 'N' Swing (S). 10.02 Late Night Extra "Afloat": 1,500m. (202m. in Scotland) including at 10.15 Sports Desk. 12.00 Midnight Newsroom. 12.05 a.m. Night Ride (S). 2.00 News Summary.

RADIO 2 1,500m and VHF

RADIO 3 464m. Stereo & VHF

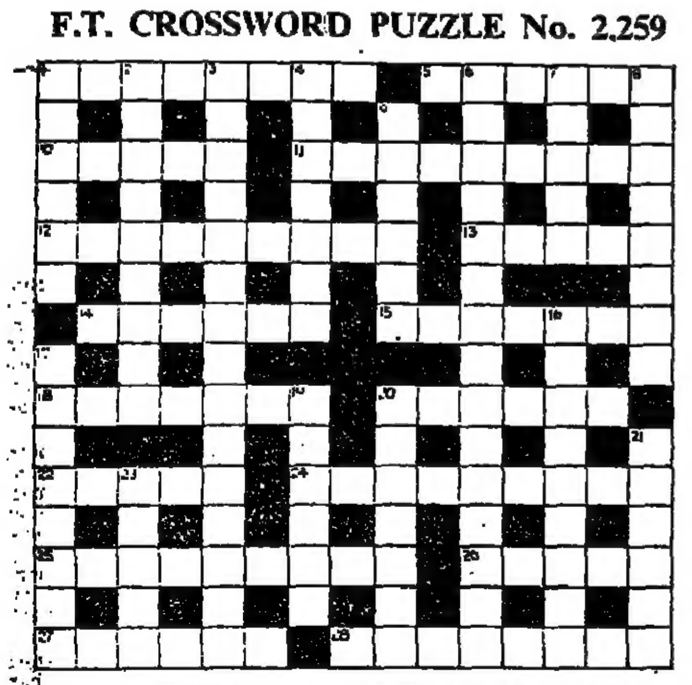
7.00 a.m. News. 7.05 Overture: Dvorak (S). 8.00 News. 8.05 Morning Concert: C. P. E. Bach, J. S. Bach, J. C. Bach. 9.00 News. 9.05 This Week's Composer: Grieg (S). 9.55 Boston Symphony Orchestra (S). 10.55 Haydn Symphony No. 99. 11.02 Music by Richter and Vaughan Williams. 11.50 The Midday Concert—Beethoven and Bartok. 1.00 News and Weather. 1.05 The Arts Worldwide. 1.25 Schubert Mass No. 6. 2.25 Arriaga Quartet. 2.55 Beethoven's Symphony No. 7. 3.36 Frank Martin. 4.05 Brahms Centenary. 6.05 News and Weather. 6.10 Tierne Ballet. 6.30-7.30 Study on 3. 7.30 Proms concert, part 1: Mozart (S). 8.15 The Arts Worldwide. 8.35 Proms concert continued, part 2: Mozart (S). 9.45 George Oppen (poetry reading). 10.25 Melos Quartet of Stuttgart (S). 11.35 News.

RADIO 4

434m., 330m., 285m., and VHF

6.45 a.m. Prayer for the day. 6.50-8.45 Today. 6.50 Travel News. What's On and Keep Fit (medium wave only). 6.55 Weather and programme news. 7.00 News and more of Today including 7.25 Sports Desk. 7.35 Today's Papers. 7.45 Thought for the day. 7.50 Travel News (medium wave only). 7.55 Weather and programme news. 8.00 News and more of Today including 8.25 Sports Desk, and 8.35 Today's Papers. 8.45 The Caine Mutiny, part 22. 9.00 News. 9.05 Tuesday Call: 01-580 4411: Poems you have chosen. 10.00 News. 10.05 From our own correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Great Modern Spy Stories: The Atom Spies. 11.50 Sounds in Store. 12.00 News. 12.02 p.m. You and Yours. 12.25 What Ho, Jeeves! 12.55 Weather, programme news (medium wave only). 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour (2.00-2.02 News). 2.45 Listen with Mother. 3.00 News. 3.05 The Barchester Chronicles. 4.00 News. 4.05 Pick of the Bunch. 4.35 Story Time. 5.00 PM reports. 5.55 Stock Market Report (medium wave only). 5.55 Weather and programme news. 6.00 News. 6.15 Hello Cheeky. 6.45 The Archers. 7.00 News Desk. 7.30 Murder on Deadman's Hill: The Hanratty Case. 9.29 Weather. 9.30 The World Tonight. 10.15 A Book at Bedtime. 10.30 Kaleidoscope. 11.00 The Strolling Player. 11.15 News. 11.31 Market Trends.

F.T. CROSSWORD PUZZLE No. 2,259



ACROSS

1 Worthless weapon returned to a politician (8)
5 Cartoonist follows a vehicle in the mountain (6)
10 Quiet Scot is found in the river (5)
11 Permanent ways to be seen at Wimbledon (4-5)
12 C.O. in Crete turns to refreshment (3-6)
13 Mound accommodates Kay and Oliver (5)
14 Pre-war axe-man (6)
15 Marine circle can be scorching (7)
18 Russian colonel gets at the British soldier (7)
20 A yacht refitted in China (6)
23 Gold coin saves a couple of shots (5)
24 An expert in discount is a scoundrel (9)
25 The chief attraction from which the best people come (3, 6)
26 Sounds keen, but is actually a sore (5)
27 The jockey is county, we hear (6)
28 They're getting on, though possibly at sea (8)

DOWN

1 A good bet for relatives at table (6)
2 Resurrection in Kent? (9)
3 Expresses the attitude of the doubting Thomas (3, 4, 2, 2, 4)
4 Sailors with money in tattered clothing (7)
6 Leguminous twinship (2, 4, 2, 3, 4)
7 Fruit gives a fellow spirit (5)
8 Anything on them is nearly worn out (4, 4)
9 Africans get us to diet (6)
16 "And you pick 'em all up—" (Iolanthe) (2, 1, 6)
17 College includes an upset worker from the east (8)
19 "How far that little candle—his beams" (M.O.V.) (6)
20 What the French soldier puts in his pipe (7)
21 An epic hero (6)
22 Empty talk about physical training is wide open (5)

The solution of last Saturday's Prize Puzzle will be published with names of winners next Saturday

Engineering ITB levy cut approved

By Martin Routh

THE ENGINEERING Industry Training Board's proposals for reducing the levy on employers' payrolls from 2 to 1.5 per cent. has been approved by Mr. Maurice Macmillan, Employment Secretary, with effect from September 12.

This is the second successive year in which the rate has been cut and again the cut-off level has been raised. Engineering concerns with payrolls below £50,000 a year are now exempt, whereas the level used to be £35,000.

Foundry establishments also have had their rates cut from 2 to 1 per cent., but their cut-off level remains at £25,000. The total annual wage bill for the 3m. people employed in the engineering industry is over £6,000m. a year.

The levies are used to pay the various grants covering training in 26,500 establishments in the industry.

Manx Usury Act likely to be amended

LEGISLATION TO amend the Manx Usury Act, which effectively limits interest rates on the Isle of Man to 10 per cent. is expected when the Tynwald meets in October.

Higher interest rates outside the island have created a shortage of money.

This week the Isle of Man Bank raised its base rate to 11 per cent. Under the Usury Act any interest over 10 per cent. cannot be recovered through the courts. The risk is with the lender.

In March this year a bill to repeal the Usury Act was defeated in the Manx Parliament by one vote.

LIBRARIANS IN CONFERENCE

The ways in which public libraries can serve the whole community will be the theme of the annual Public Libraries Conference of the Library Association in Douglas, Isle of Man, from September 17 to 20.

The president of the American Library Association, Dr. Jean Lowrie, director of the School of Librarianship at West Michigan University, will speak on the needs of disadvantaged people. Mr. F. W. Jessup, chairman of the Library Advisory Council for England, will speak on libraries in relation to the wider aspect of cultural activities and leisure.

Racing

General Vole's day

by DARE WIGAN

THE PRINCIPAL race at the second stage of the Epsom Bank Holiday meeting is the Archie Scott Memorial Challenge Trophy Cup (3.05) which pays a tribute to a bookmaker who did more for his profession than any man and who was one of the most charming characters ever to have set foot on a racecourse.

There are only three runners for the race (in fact, only 28 have been declared for the six events on to-day's programme) and *Cesarea* is a confident selection.

So easily did *Santa's Sister* win at Wolverhampton on August 7, and again at Leic[...] a fortnight later, that I e[...] this American-bred filly to [...]plete a hat-trick in the Rub[...] House Stakes (2.30).

London By Night, who la[...] a gamble at an evening fi[...] at Windsor last month, has C[...] to beat in the Heathcote [...]sery Handicap (3.40), and [...] *Brigand* is preferred to *Be*[...] in the Fletcham Handicap (4[...]

Probably the best bet of [...] day is *General Vole* in the W[...]ley Plate (4.00) at Ripon. [...] colt, by Songedor, defeated Q[...]tin by four lengths over to-d[...] distance at Newmarket [...] August 11.

Quintin, on his previ[...] appearance, had been narro[...] beaten in a good-class race [...] Ascot.

Chadleigh will appreciate 2½ miles of the Wakeman Stay[...] Handicap (3.30). *Trilli*[...] though not built to carry [...] weights, is likely to be too [...] for the opposition in the Cur[...] Handicap (2.30).

At Chepstow, the impro[...] *Fulham Flirt* is preferred [...] *Lusty Len* in the Lion's Lo[...] Handicap (4.15). *Vaunted* m[...] have the edge over *Springo* [...] *South Africa* in the River Pl[...] (4.45).

Earlier in the afternoon, M[...] *By Miles*, though as yet she [...] not come up to expectations, [...] open her account in the Ca[...] Plate (2.45).

EPSOM
2.30—Santa's Sister*
3.05—Cesarea**
3.40—London By Night
4.15—Red Brigand

RIPON
2.30—Trillium
3.30—Chadleigh
4.00—General Vole***
5.00—Greedy

CHEPSTOW
2.15—Nicky Night
2.45—Miss By Miles
4.15—Fulham Flirt
4.45—Vaunted

Traverse, Edinburgh

Sleep of Reason

by B. A. YOUNG

Sleep of Reason, devised by nine writers to a plan by Jack Shepherd, is a heartfelt examination of madness—too heartfelt—perhaps, for the flood of sympathy and indignation drowns anything constructive in the argument. Madness is the most pathetic of human conditions but there is little point in crying out against it without adding some mite of comment.

One scene, a cleverly played bit of mock music hall, flays the still current belief that madness is funny and I found myself thinking that even this was at least a positive attitude. To laugh at taboos, as we are beginning to do in this age of black comedy, might prove to be a means of exorcising them.

There are two parallel lines in the play. In one we follow the progress of an English girl bludgeoned into a nervous breakdown by the ceaseless flow of brutal and distressing news from the television and the newspapers. In the other we see how a good Russian workman infected with "reformism," that is with a desire to opt out from a society that he finds inhuman, is thrown into a mental hospital with a diagnosis of "creeping schizophrenia."

Like a frame around the collage of these two stories appears the figure of Goya, whose character displays at the same time deep compassion and curious irresponsibility.

The play is undeniably moving—what sympathetic portrayal of madness could be anything else?—but I missed a sufficently cogent theme. The reactions are too familiar, our own simple reactions, in fact, illustrated for us, with no searching beam of discovery played on them. The acting is admirable throughout, with special credits for Merelina Kendall as the mad girl, Richard Vanstone as the dissident Russian, Susan Tracy in a variety of parts and Anthony Haygarth as Goya (if you can allow that Goya may be played as a rough provincial man who calls his drawings "drorings").

Drums in the Night

by MICHAEL COVENEY

It is strange that the Traverse should present as a major offering this year Brecht's early anti-romantic play about a soldier who returns from the first World War to claim his fiancée. The play really retains little interest for a contemporary audience beyond indicating the petty bourgeois mentality of a soldier who turns his back on the lessons of the Russian revolution to peevishly assert his masculinity and drag his girl away behind him. Stranger still that director Roland Rees should so muddle his production with surface gimmickry that whatever lives in the play is rendered still-born by glib performances and feeble Brechtianism.

The entire second act, where the soldier (Stephen Rea) confronts Anna (Petra Markham) as she dances in the night club with the boorish loudmouth consigned to her by her parents, was almost impossible to follow due to the amateurish and irritating two-note doodling from a bar pianist who ceased only to appear two seconds later as an emissary from the rioting in the streets. Things improve slightly as Stephen Rae clarifies his position in the mill scene; his poeticism has proved an insuperable obstacle to revolutionary fervour, and he eventually walks away with Anna as the noise continues to gather outside.

The adaptation of the play by C. P. Taylor is certainly fluid, and he manages to invest the first act especially with characteristic parlour speech. The trouble is, though, that the actors fall into the trap of playing the dialogue as though it was drawing room comedy; and Christopher Martin seems intent on making of Anna's father a character akin to something in Harold Brighouse as realised by Max Bygraves. The design of Moshe Mussman religiously reproduces Caspar Neher's suggestion for the original production: representational screens for the domestic interior, the city evoked in exaggerated cartoon style.

Albert Hall

Davis & Perahia

by DOMINIC GILL

Two outstanding young musicians, both still in their twenties, came together at Saturday's Prom to give a brilliant performance of Chopin's E minor piano concerto: Andrew Davis, the newly appointed Associate Conductor of the New Philharmonia; and Murray Perahia, the young American winner of this year's Leeds competition. A brilliant performance—and at the same time a curiously unaffectionate and unaffecting one.

The E minor concerto is one of Chopin's most purely virtuosic essays: there is nothing so discomforting as to hear a pianist who cannot make it glitter, trying his second best instead to make it "expressive." But on Saturday it was as if Davis and Perahia, at the other extreme, had decided that the concerto was no more than a pretty pattern of notes to be executed as beautifully, rapidly and neatly as possible. Davis's orchestral introduction was hardly *maestoso*, fast and dry, full of sudden, hurried accents; and in the first movement Perahia chose to ignore most of the *sforzando*, *con forza*, and *espressivo* markings in his search for the technically near-perfect finger-exercise. His playing had marvellous clarity and rhythmic energy—wrapped up in a strangely unconvincing air of nonchalance.

No matter: the poetry of the piece, no doubt, can wait for later seasons for investigation by this (on past form) most poetical of young pianists. For the rest of their programme, Davis and the NPO gave a well-wrought account of Haydn's prelude to *The Creation*, and a sympathetic, nicely-shaded one of the overture and Venusberg music from *Tannhäuser*. I liked their account of Beethoven's fourth symphony less: intelligent but tentative, without very strong lines of hcaracter or purpose. In all, a good if unremarkable evening.

Lucerne's jubilee

by RONALD CRICHTON

Wagner, during his happy years at Tribschen just outside Lucerne, flirted with the idea of a lakeside festival opera house. The sudden materialisation of his dreams in a different setting, at Bayreuth, caused him to leave Switzerland for Germany. Some 60 years later a more sinister upheaval in Germany led incidentally to the founding of the Lucerne Festival. By 1938 many leading musicians were banned for racial reasons from German musical life. Others, like Toscanini, made their own gesture of refusal. The shadow fell on Austria, and therefore on Salzburg. Lucerne, like Salzburg, is an ancient, romantically beautiful city, with good communications. No doubt the local enthusiasts were well aware of the advantages of a second Salzburg in Switzerland, but the prime motive was to provide a platform for great musicians excluded from other German-speaking lands. Toscanini, who had turned his back on Bayreuth and Salzburg, conducted the main concert of the first Lucerne Festival in the garden of Tribschen. The orchestra included the members of the Busch Quartet.

It was not quite what Wagner dreamed of: Lucerne has a small theatre, but no regular opera house. From the beginning this festival has been mainly dedicated to orchestral and chamber music. During the war, international touring of orchestras being reduced to a minimum, the needs of Lucerne had to be met from near home. The result was the founding in 1943, with the assistance of Ansermet, Bruno Walter and Fritz Busch, of the Swiss Festival Orchestra, which only performs at the Festival, and is re-formed every year from Swiss resources. 1973 brings a double jubilee—35 years of the Festival, 30 of the orchestra, which still shares the cake with such distinguished visitors as the Philharmonics of Vienna and Berlin.

Forming and re-forming an orchestra on an annual basis is no sure way to success however distinguished the players. It works (or used to work) at Bayreuth, where the repertory can only vary within definite limits and must in any case be familiar to the majority of the players. Lucerne, where the concert programmes are now commendably varied, is a different case. There were notable differences of level during the Festival Orchestra's two concerts during the first week of the present festival, between Kempe's sometimes rough but passionate account of Dvorak's New World symphony on the opening night, and the stiff and unready run-through of the *Midsummer Night's Dream* music three nights later under Niklaus Aeschbacher. Since the Mendelssohn was followed by a lively and lucid performance of Reger's rarely-heard (in the orchestral version) Beethoven Variations, lack of rehearsal time was no doubt the reason.

Both concerts included a little-known violin concerto from the first quarter of this century. Pfitzner's concerto dates from the 'twenties, when the composer was well into middle age. A single-movement work in three main sections, it has the peculiarity that the central Andante (though introduced by a cadenza for the violin and followed by a rhapsodic dialogue for soloist and orchestra leading to the finale) is for orchestra alone. An arresting provoking piece, not made for easy popularity, worth hearing for the strange personality conveyed: a painful sensitivity overlaid with knobbly, choleric brusqueness, a strain of grotesque humour, sudden shafts of deceptive simplicity and, in a style generally far removed from Pfitzner's contemporary Strauss, one tender phrase foretelling *Capriccio*. The soloist was Edith Peinemann, a sturdy, reliable player who did not throw much light on the music. Light in plenty came from the orchestra—Kempe must firmly persuade the RPO to let him do Pfitzner in London.

The concerto of Othmar Schoeck dates from 1911-12, when the Swiss composer was still young and evidently captivated by the charm and talent of Steffi Geyer, the violinist who was the inspiration of Bartok's early concerto. Schoeck's is loosely cast in three movements with shared themes—the finale makes some show of starting half-way through the slow movement. Formally it is diffuse but the themes are very pleasing, the writing economical and transparent in a Mendelssohnian way that sounds entirely spontaneous. Schoeck's concerto had a more persuasive interpreter than Pfitzner's: Franco Gulli brought to the grateful solo part tone and line of the finest quality.

The emphasis on orchestral music and the twinkling of star conductors has given the Lucerne Festival a "safe" image. One thinks of rich old ladies in luxurious hotels, willing to risk nothing later than Strauss. Probably that image has always been unfair. In recent years programmes have been more adventurous, braver about confronting the world with the semi-private mysteries of Swiss music (and the younger patrons braver about ignoring pleas for formal dress). This year there are 30 Swiss works ranging from Schoeck, Martin and Honegger to an evening of local composers. Visiting recitalists bringing routine programmes have been persuaded to include a Swiss group. Thus Firkusny added four estimable piano Preludes by Frank Martin to his Beethoven, Schumann, and Janacek. Jessye Norman slipped in some early songs of Schoeck between Schubert and Ravel. Miss Norman's recital was too good to be passed over in a sentence. To hear, not far from their place of origin, Wagner's Wesendonck songs given with an ampleness of tone and dignified yet rapt wealth of feeling surely unrivalled since Flagstad was a feast in itself. How many singers could follow Mahler's *Urlicht* as an encore with Satie's pop-valse *Je te veux* and bring equal involvement to both?

Of to-day's Swiss composers the first to be heard was Rudolf Kelterborn, whose *Kommunikationen* for orchestra actually opened the Festival. The players are spaced out in three groups, ideas and timbres are passed round, merge and separate again. Nothing strikingly original, but decent, careful craftsmanship and a sense of shapeliness that seem typical of the country. A late-night concert of electronic music started lamely with an only partly audible lecture by one of the composers. Werner Kaegli carries the gentleness of his speaking voice over into his music. His *Hydrophonie* (new to Switzerland), *Thai clarinet* for clarinet and tape, and *Eclipses* revealed him as a water-colourist of electronics.

No such comparison would be suitable for Gottfried M. Koenig's rubbly, gritty (and computerised?) *Funktion grau*, also heard for the first time in Switzerland. Much the most interesting of the new works came later in the week, at the opening of an exhibition of Paul Sacher's manuscripts. In his new *"gegen-(bei)-spiele" für fünf Bläser*, Hans Ulrich Lehmann draws far subtler, more original and finely differentiated sounds from a traditional combination of flute, oboe, clarinet, horn, bassoon, than the electronic boys from their complicated equipment. Not only was the texture remarkable: shape and length felt just right. Earlier in the programme two players from the excellent Stalder Wind Quintet had recalled the composer Willy Burkhard (d.1955), whose music had a brief vogue in London and should, to judge from this well-turned Serenade for flute and clarinet, be worth re-examination.

Autograph sketches for Burkhard's oratorio *Das Gesicht Jesajas* were on view among the mementoes of Sacher's half century of involvement (about 160 works from some 60 composers) in the commissioning and composing of contemporary music. Here are Stravinsky and Bartok (each with more than one important work for Sacher), Strauss (*Metamorphosen*), Hindemith, Honegger, Britten (*Cantata Accademica*), Tippett (*Sellinger's Round*), Henze, Boulez. In the evening, Sacher conducted the serenade concert held under kind skies at the Lion monument, where the Collegium Musicum of Zurich played Mozart's *Kleine Nachtmusik* and double concertos by Honegger (flute and cor anglais) and Salieri (flute and oboe), the latter with sprightly outer movements and rather a dull slow one. The solo flute was Peter Lukas Graf, agile and bell-clear. His partner was Heinz Holliger, as usual giving himself heart and soul to every phrase.

There could be no more pleasant way of ending a visit to the Festival than a concert in this setting, where the musicians occupy a platform at the foot of the huge, ice-scored rock-slab where a local sculptor carved in relief a monumental lion, after a model made in Rome by Thorwaldsen. Between orchestra and audience lies a sheet of tree-fringed water. Since you get horribly few Swiss francs for your pound and since they don't go very far, there are unlikely to be many English visitors to Lucerne this year. Perhaps it is unkind to rub in how efficient is the festival organisation, how superb the lake landscapes (not least when summer mists shroud the crags with Turneresque haze and shadow), how well the Swiss still practise the art of looking after visitors. If only Edingurgh. . .

The Entertainment Guide is on Page 40

The Howff

Dutchman

by B. A. YOUNG

Dutchman is a short and simple analogy of the relations between the black and the white races, as seen through the eyes of an urban American black man, which is what the author, Leroi Jones, is. As a white Anglo-Saxon Protestant (more or less) I naturally think it unfair; but when I look around at the activities of the white race in to-day's world I am not surprised that this is how we strike people. I think the play is really meant as a call for insurrection; if it will serve at least as a sigh of regret, then it makes a useful point.

A white girl (Roberta Iger) and a black man (Wayne Browne) sit beside one another in the subway. She embarks on a determined course of mockery; she mocks him for being "an escaped nigger," she mocks him for being an imitation white man, she taunts him with sexual invitations. Naturally enough, he ultimately rises in indignation and tells her of the fundamental contempt the blacks have for the whites, how Bessie Smith or Charlie Parker would never have made a note of music if they could have killed a few ofays instead. The girl, glancing around the carriage to gain the assent of the other passengers, knifes him. As soon as the affair is satisfactorily swept out of sight, she begins again on the next black man to get into the train.

This production was in fact a final test piece at Drama Centre. Mr. Browne and Miss Iger need not apologise for being only students; they give cogent performances enough. The girl has the better time of it; she makes the going consistently until the boy's emotions finally overcome him, and Miss Iger has a nice line in sinister seduction. Mr. Browne has to spend most of his time fending her off either with conventional politeness or with make-believe assent; but when it comes to his big speech, which is a splendid piece of writing, he really lets himself go, and it is fascinating to see how he welds the hidden savagery on to the respectable New Jersey exterior.

The director, Martin J. Houghton, seems to me to have tried too litttle to maintain visual interest in the young couple as they sit for so long side-by-side in the train, and too much to arouse an unnecessary interest to the other passengers, who are not only provided with individualities — hippy, drunk, labourer, working-girl — but allowed to act out little cameos of their characters. Their only function is to assent to the climactic knifing, and if they act they distract attention from the centre of the canvas. Still, it's a telling production enough, and sits well in the theatre-cum-restaurant ambience of the Howff, which stands conveniently at the Chalk Farm end of Regent's Park Road.

Albert Hall

Byrd and baroque

by MAX LOPPERT

Friday's Prom was one of those "get-it-all-in" compilations beloved of Prom programmers: 16th-century Italian and 17th-century English brass pieces; a Byrd mass; an overture, violin concerto and choral psalm from the "grand siecle" of French baroque music; and Bach's D-major Prelude and Fugue to round it off. I don't think these programmes are a good idea (though the pleasantly large audience turn-out shows general disagreement with me): too many small pieces, by too varied an assortment of composers, given by too many different groups of performers—and the thread of concentration can be felt to snap, usually by about half way.

This is not to say that good things, and good performances, weren't there to be enjoyed. Indeed, Byrd's five-part Mass was sung beautifully enough to make me regret powerfully that in this, his 350th anniversary year, all of the concert's first half could not have been given over to his music. As it was, the Mass towered over its surroundings, for its combination—quintessentially Byrd, unique in the history of mass settings—of introspective melancholy, supplicatory power and rapt, serene calm.

Michael Howard and his Cantores in Ecclesia were not overawed by the dark-toned passion in the music as some performers can be: tempi were steady, dynamics sensible, attitudes to phrasing straightforward (apart from one or two rather prissily drawn-out cadence *ritardondi*).

The brass pieces were the province of the Philip Jones Brass Ensemble, who seemed to be having something of an off-night, to judge from the splashy playing in the Lappi *canzona* and the sedately dull rendering of Giovanni Gabrieli's grand, sonorous *Sonata pian' e forte*. A similar spirit affected Denis Stevens and his Accademia Monteverdiana in their opening performance after the interval of Charpentier's *Ouverture pour le Sacre d'un Evêque*. What should have been grand, stately and distinguished (as would befit the consecration of a 17th-century French bishop) emerged as bland, tired and rather sloppy (it wasn't *that* hot in the Albert Hall).

Much more enjoyable was Jean-Marie Leclair's A-Major Violin Concerto, with a soloist, Levon Chilingirian, who so delighted in its rococco *galanterie* and winning decorative charms that he made us delight in it, too—and forced us to forget the odd ill-tuned phrase or less-than-poised high note. Most interesting of the Accademia's items, and enjoyable, too, was the Psalm, *Deus noster refugium* by the Abbé Pierre Robert, Master of Music at the Versailles Chapel in mid-17th century, and obscure enough as a composer not to merit an entry in either Grove's or Everyman's. The work proved to be massively dignified, as one might expect; and, more surprsingly, beautifully varied and interesting in material and mood.

RSC at the Aldwych

The RSC's next production in their 1973-74 season will be the return of Harold Pinter's *Landscape* in a double bill with *In a Slight Ache* on October 17. *Landscape* is a revival of Peter Hall's 1969 Aldwych production with Peggy Ashcroft and David Waller. As before, it is designed by John Bury with costumes by Beatrice Dawson. Peggy Ashcroft and David Waller are joined in *In a Slight Ache* by Peter Schofield, with the RSC for the first time. The play is directed by Peter James and designed by John Bury in association with Brenda Hartill Moores.

Coriolanus now opens on October 22, with Nicol Williamson in the name part, and will be followed by successive performances of *Julius Ceasar* (matinee October 23), *Antony and Cleopatra* (evening October 23) and *Titus Andronicus* (evening October 24), which are already in the Aldwych repertoire. This will be the first time all four of Shakespeare's Roman plays have been seen in historical sequence in London.

Peter Barnes's *The Bewitched*, his first full-length original play since *The Ruling Class*, will have its world premiere at the Aldwych in the new year. It is to be directed by Terry Hands, with designs by Farrah and music by Guy Woolfenden. The cast will be announced at a later date.

SPORT: CRICKET

Humiliated England face a cold Caribbean winter

BY TREVOR BAILEY

AS EXPECTED, the West Indies thrashed England, but the size and completeness of this defeat—an innings and 226 runs—was a humiliation, because the English batting again failed abysmally on a good wicket against honest, hostile bowling, splendidly supported in the field. For the second time in this entirely one-sided contest, Keith Fletcher was the only batsman to display the ability expected at this level.

The English selectors are in a very difficult position. Not only has their team been outplayed in every department, but they now have to find a side to beat a vastly improved West Indies in the Caribbean this winter.

Although it is easy to criticise them, it is an entirely different matter to find preferable alternatives.

Their first decision concerns the captaincy. Although Ray Illingworth cannot be held responsible for England's debacle, a case could be made for saying our best is not good enough and gambling on an entirely fresh approach, as relegated football clubs do with monotonous regularity and varying degrees of success.

Three batsmen

Strangely, there are a large number of possible candidates for this vital job, but the majority suffer either from Anno Domini or lack of class as players.

In sharp contrast, there is a marked absence of batsmen and slow bowlers of proven Test calibre. We have the seamers and the wicket keepers, but little else.

England require two or three good young batsmen, yet it is hard to think of anyone under 25 who is scoring centuries in county cricket with any frequency, or spinners who are averaging even a modest three wickets per match.

Saturday was a black day for cricket. First England limped unconvincingly to 233 with only Fletcher and Greig giving any promise of sustained resistance. Secondly the game was temporarily suspended while the ground was searched for a bomb.

Thirdly, after Boycott and Amiss had negotiated, not altogether happily, the new ball, three wickets fell to short-pitched deliveries from Boyce and the second innings was close to ruins.

It might have been even worse if Luckhurst had been caught at second slip before he had scored.

The most baffling of these dismissals was when Boycott fell to the most obvious of three-card tricks.

The fourth and final day of the Lord's Test began at 11 a.m. with England in the uncompromising position of 42 for 3. Defeat was a near certainty and the main hope was for some spirited resistance.

This objective did not materialise. Hayes mishooked Boyce, who bowled with fire and a noticeable fondness for the short-pitched ball, which eventually brought him an official warning for intimidation from the umpire.

Our batsmen have shown such a lamentable lack of conviction and technique against the bouncer that it was easy to understand why so many were sent down but an acceptable quota should not exceed three in two overs.

At 63, Luckhurst tried to play Julien through a cluster of slips and gullies to give Sobers his sixth catch of the match.

The rout continued when Julien had Greig lbw, the first England wicket to fall that had not been caught behind the batting crease, in itself a condemnation of our batting and showing an inability to judge line.

The only thing to lighten the gloom was the occasional handsome boundary from Fletcher. It is true he once cleared the slips, but at least he remembered to cut hard and it was only appropriate that he should put up the 100 with a controlled hook.

Ray Illingworth avoided the dreaded pair and together with Fletcher produced something of a fight which ended with the introduction of Gibbs who had the England captain splendidly caught at forward short leg.

This was followed by two superb catches by Fredericks to remove both Arnold and Willis, so that at lunch England were 154 for 9 with Fletcher 62 and Underwood 3.

This pair resumed their last wicket partnership against Boyce, chasing his fifth victim, and Gibbs. Not for the first time, Underwood showed determination, while Fletcher continued to bat beautifuly, though perhaps overdoing the sweep.

The largest stand of the innings ended when Gibbs clean-bowled Underwood leaving Fletcher 86 not out.

TENNIS

Overwhelming U.S. win for 50th Wightman Cup

BY JOHN BARRETT

BOSTON, Mass., August 27

AS EXPECTED, the 50th-anniversary Wightman Cup meeting resulted in another overwhelming U.S. victory by a margin of five matches to two. Appropriately the meeting was held at the Longwood Cricket Club, a leafy corner of Boston, Massachusetts, near the home of the donor of this beautiful trophy, Hazel Hotchkiss Wightman.

The irrepressible Mrs. Wightman, now 88, was playing host to a number of past captains, who obviously enjoyed the chance of re-living past glories as they watched the U.S. record a 38th win in the series, which last saw a British victory at Wimbledon in 1968.

Any hopes of a British success were extinguished on Friday night, when both singles were lost. The tie opened with the match between the two team leaders, and resulted in victory for Chris Evert's pinpoint passing shots against Virginia Wade's unco-ordinated attack.

The 6—4, 6—2 margin reflected the true difference between these two accomplished players on the ultra-slow Uniturf court that holds the ball on every bounce and makes it so difficult to attack through pace alone.

When Patti Hogan overcame a minor crisis against her recent conqueror, Veronica Burton, to take the first set 6-4, the writing was on the wall for Britain. A lead of 5-2 almost disappeared, but a Hogan ace on the third set point two games later settled matters. Time and again Miss Hogan's drop shots exploited the known weakness of Miss Burton when forced to cover the court, and the second set was soon safely tucked away 6-3.

There was a moment on Saturday afternoon when Glynis Coles threatened to halt U.S. progress. She raced to 4—0 and 5—2 against the U.S. third string Linda Tuero, but unlike Miss Hogan she wavered when the counter-attack came. A double fault and two ground-stroke errors lost her the chance to take the first set 6—3, and collapse followed.

These two matches rather summed up the difference between the instictive competitiveness of the U.S. team and the temperamental frailty of the British. In the slide from 5—2 to 5—7 Miss Coles could win only eight points, and the second set was almost a formality.

It fell to the British captain, Miss Wade, to prevent the humiliation of a whitewash. In the first of the doubles matches she teamed with a rejuvenated Miss Coles to inflict a 6—3, 3—6, 6—4 defeat on Miss Evert and a nervous but promising Marita Redondo.

It was one of those hotly disputed and fluctuating matches that either side might have won, and this temporary success at least made ultimate victory a theoretical possibility for Britain.

Clearly Miss Evert was in no mood to brook such thoughts, for in the opening match on Sunday she weathered a shaky patch to inflict what became a crushing defeat on Miss Burton 6—3, 6—0. Her fall from 3—0 to 3—3 through a succession of uncharacteristically careless errors became understandable when afterwards she explained. "I was pretty nervous when I went out because Veronica had had me 4—2, 30—0 in the finals in Indianapolis last week. But once I had settled I thought I had played pretty well."

Indeed she did, and her swift executioner's job meant that the final two rubbers held only academic interest. For the record, Miss Wade did gain some satisfaction by scoring a 6—2, 6—2 win against Miss Hogan, who then partnered young Jeanne Evert to a 6—2, 4—6, 8—6 victory against Lindsey Beaven and Lesley Charles.

This happy festival occasion could not disguise the fact that the Wightman Cup has become something of a training ground for young U.S. players against the full power of the British women which is not the force it once was.

It was inevitable that the wider international aspect of the Federation Cup would relegate the Wightman Cup to a backwater of the game, but despite its limitations, the latter competition seems worth preserving, if only to give our girls a clear insight into that resilience of spirit which makes U.S. sportsmen and sportswomen universally respected.

YACHTING

A lesson in tact

BY ALEC BEILBY

BRITISH YACHTSMEN, like cricketers, are fast establishing a reputation for organising international events, then watching the prizes disappear abroad. As organisers there are none who would doubt that the British are best, but as competitors the story is less happy.

Immediately following the Admirals Cup series it was the turn of the smallest yachts of the off-shore fleet, rating no more than 18 feet, but varying in length from 20-27 feet, to hold their own international series for the Quarter Ton Cup, and for the past week 37 yachts from seven nations have been sailing a series of five races at Weymouth on a boat-for-boat basis.

The French, who have been dominant in the smaller classes since economy-size yacht racing became popular, were defending the trophy, but it was the New Zealand-designed and American-built Eyghtene that won the week, just holding her own by two points from the French defender Laurent Cordelle in his new yacht Chien Jaune from La Rochelle.

The week started with British chances looking encouraging and undertones of disagreement among competitors, many of them top-flight dinghy sailors who have "retired" to something a little larger.

Among these were Jack Knight, sailing Odd Job, who has been nearer than anyone to representing Britain in the single-handed Olympic Finn class more times than he cares to remember, and David Thomas, sailing Quarto.

Knight was soon in the thick of protest and counter-protest, the French claiming his sails were illegal and he claiming that as there were competitors sitting in the International Jury, this, in turn, was illegal and the abandoning and restarting of the fourth race in the series, a ten-mile Olympic course started in thick fog, was equally illegal. He lost on all counts and finally retired during the last race of the series with a broken rudder.

While the crew of both Eyghtene and Chien Jaune kept clear of trouble, David Thomas, who was Britain's best hope at the end of the first two races, collected a 10 per cent. penalty for a right-of-way infringement in the third race, 70 miles off shore, and this, without doubt, cost him the cup.

Smoothing the troubled waters of controversy were more than 20 members of the Royal Thames Yacht Club who gave a week of their time and the use of six of their own yachts to the administration and marshalling of the series.

It was a lesson in tact and diplomacy as well as firmness that won the week where, at times, rule-bending seemed more important than rule-abiding.

The race committee, headed by Ricky Hamilton-Parks, handed out a lesson in race administration by being at the Cherbourg mark of the final 150-mile race of the series complete with finishing gun and gunner in case the wind failed and the course had to be shortened at that point. They also had committee boats at every mark of every course during the five races.

In fact, the wind held and the fleet, depleted by damage to several yachts, was able to complete the course to Weymouth, the race going to Chien Jaune, but Eyghtene finished well enough for her crew Gary Cooper and Ron Holland to maintain their points lead held overall at the start of the race.

Businessman's Diary

Interbuild at Olympia

SO FAR some 600 stands at Interbuild—the International Building and Construction Exhibition—will be used for displaying goods and services from 1,100 companies and 21 countries will be represented.

The show will occupy the whole of London's Olympia from November 15-24. The overseas contingent is said to be the largest in the history of the event. The space taken, according to the organisers, exceeds the total of the previous show and the removal of the woodworking machinery section to its own show (December 4-8) has meant that an even greater range than usual will be seen.

Savings of up to one-third are available through a scheme offered by British Rail and Grand Metropolitan Hotel Group and which includes a ticket to the show plus a buyers' guide.

Justinian is on holiday

The conference programme covers subjects such as plastics and other materials, building methods and landscaping. The conference runs from November 15-23.

Fashion fair sold out

THE AUTUMN fashion fair to be held at Grosvenor House Hotel, London, from October 25-27 has been sold out. A ballot was held to allocate stands and there is a waiting list of companies anxious to participate.

There will be a total of 140 companies occupying 128 stands in a display area of 22,000 square feet. Exhibitors include 14 stands from Eire, carrying a joint presentation by the Irish Export Board for the Irish Fashion Group.

Know-how in Oslo

OSLO, NORWAY, is to be the site of the second "Know-How Forum" which is to be staged from October 28-November 1, 1974. The intention is that the event will not have purely a Scandinavian flavour but that it will appeal to companies that wish to take out agreements covering a variety of areas.

The organisers expect participants to be those who will be able to offer licensing arrangements, exploitation of technology and know-how agreements. They could be national groups, organisations, institutions and associations acting for industries and research bodies.

U.K. TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	East Midlands Motor Show (cl. Sept. 2)	Earls Court
Current	Northern Intl. Hi-Fi Festival (cl. Sept. 2)	Olympia
Current	Ideal-Home Leisure Life Exhibition (cl. Sept. 8)	Olympia
Current	Intl. Do-It-Yourself Exhibition (cl. Sept. 15)	Nottingham
Sept. 2—6	West of England Gift Fair	Hotel Majestic, Harrogate
Sept. 4—6	Midlands Electromation Exhibition	Assembly Rooms York
Sept. 4—7	Northern Floor Coverings Fair	Olympia
Sept. 5—9	International Ski Show	Victoria Rooms, Bristol
Sept. 6—8	Horticultural Show	Birmingham University
Sept. 6—12	Building Exhibition	Exhibition Centre, Harrogate
Sept. 9—13	Intl. Watch and Jewellery Fair	Old Horticultural Hall
Sept. 10—15	Intnl. Reclamation and Disposal Exhibition	Sophia Gardens, Cardiff
Sept. 11—13	London Floor Covering Association Exhibition	Wavertree, Liverpool
Sept. 11—13	Computer Peripheral Exhibition	Earls Court
Sept. 11—22	Chelsea Antiques Fair	Olympia
Sept. 13—17	London International Footwear Fair	Alexandra Palace
Sept. 17—21	Assembly and Fastner Exhibition	Metropole, Brighton
Sept. 17—21	Labware Exhibition	Old Town Hall, Chelsea
Sept. 18—22	Wood Technik Intl. '73	Olympia
Sept. 25—28	Intl. Filtration and Separation Exbn.	Earls Court
Sept. 25—28	Dust Control and Air Cleaning Exbn.	Bloomsbury Centre, W.C.1.

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	Pacific National Exhibition (cl. Sept. 3)	Vancouver
Current	International Fair (c. Sept. 20)	Izmir, Turkey
Current	International Homes Exhibition (cl. Sept. 1)	Melbourne
Current	Austria Agricultural Fair (cl. Sept. 2)	Riel im Innkreis
Current	International Fair (cl. Aug. 29.)	Frankfurt
Current	Fall Gift Show (cl. Aug. 30)	Montreal
Current	National Hardware Show (cl. Aug. 30)	New York
Current	Exbn. of Hi-Fi Stereo Equipment (cl. Sept. 2)	Amsterdam
Sept. 2—4	Men's Fashion Fair	Amsterdam
Sept. 2—9	Autumn Fair	Leipzig
Sept. 2—10	Jewellery, Gold and Silver, Clock-ware Show	Paris
Sept. 3—7	Fashion Week	Berlin
Sept. 3—7	International Furnishing Textiles Trade Fair	Copenhagen
Sept. 5—9	International Autumn Trade Fair	Vienna
Sept. 6—12	International Home Furnishing Show	Budapest
Sept. 6—16	International Autumn Fair	Zagreb, Yugoslavia
Sept. 8—11	European Menswear Exhibition	Paris
Sept. 8—23	International Trade Fair	Ghent
Sept. 8—23	International Commercial Fair	Liege
Sept. 9—14	International Autumn Fair	Utrecht
Sept. 9—16	International Energy Exhibition	Brussels
Sept. 11—15	International Knitting Machinery Exhibition	Basle
Sept. 13—23	International Motor Show	Frankfurt
Sept. 15—18	Children's Fashion Exhibition	Paris
Sept. 18—27	International Machine Tool Exhibition	Hanover
Sept. 19—27	Welding and Cutting Exhibition	Essen
Sept. 19—28	Intl. Data Processing Comm. and Office Org. Exbn.	Paris
Sept. 21—23	Ready Made Garments Fair	Bombay
Sept. 22—27	Intl. Exbn. of Fine Foods and Provisions	Cologne
Sept. 22—27	International Furniture Fair	Milan
Sept. 23—30	International Consumer Goods Fair	Poznan

BUSINESS AND MANAGEMENT CONFERENCES

Date	Title	Venue
Current	Harry Mitchell: Work Measurement (cl. Aug. 31)	Beeston, Nottingham
Current	World Fed. of Master Tailors Congress (cl. Sept. 1)	Grosvenor House, W.1
Sept. 3—4	Management Training: Problem Analysis	St. Nicholas Circle, Leics.
Sept. 3—5	Dunchurch College: Problem Solving	Dunchurch, Rugby
Sept. 4—6	Ind. Society: Supervision in the Office	Peter Runge House, S.W.1
Sept. 4—7	Computer Power: Introduction to Comp. Operations	Cannock, Staffs.
Sept. 5—7	Clark Johnston: Effective Management	Great Western Hotel
Sept. 10—14	Honeywell: Project Management	Hammersmith Rd., W.6.
Sept. 10—14	Ind. Assess. and Research: Personnel Testing	57, Marylebone High St., W.1
Sept. 11—12	Marketing Improvements: Effective Sales Office	Portman Hotel, W.1
Sept. 11—12	Fin. Times and BOAC: Doing Business with Japan	Royal Lancaster Hotel, W.2
Sept. 12—15	Bradford University: Mngt. Information	Bradford University
Sept. 13—14	Fulmer Institute: Research Planning	Fulmer Res. Inst., Slough
Sept. 17—21	Glacier Inst.: Learning to Manage	Ruislip
Sept. 18—20	Financial Times and BOAC: World Energy Supplies	Grosvenor House, W.1.
Sept. 24—27	HTS Mngt. Occupational Testing	High Wycombe
Sept. 25—26	Financial Times: Agreements between Companies in the EEC	Hilton Hotel, W.
Sept. 25—27	Urwick Mngt.: Finance in Construction	Slough, Bucks.
Sept. 27	Management Games Seminar	Coburg Hotel, W.2

THE WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not available whether dividends concerned are interims or finals. The sub-division shown below is based mainly on last year's time-table.

TO-DAY

COMPANY MEETINGS—
Bradford (Robert), Minster House, E.C., 10.
McIntyre, Hilton Hotel, W., 12.
Minster Assets, Great Eastern Hotel, E.C., 12.
Montagu Trust, Winchester House, E.C., 3.15.
Riley (Robert), Rochdale, 12.
Vibroplant, Harrogate, 1.

BOARD MEETINGS—
Finals
British Car Auction
Hallite Holdings
ML Holdings
Interims
Fairclough (Leonard)
Moggitt Holdings

DIVIDEND & INTEREST PAYMENTS—
Agricultural Mortgage 4½pcDb. 77-82 2¼pc
Atherstone Rural District Council 9⅜pc 6.3.74 4 11/16pc
Ayr 9⅜pc 6.3/74 4 11/16pc
Bulmer (H.) P.I. 1.575p
Cannock 9⅜pc 6/3/74 4 11/16pc
Doncaster 9⅜pc Bonds 6/3/74 4 11/16pc
Dunbarton County Council 9⅜pc Bonds 6.3.74 4 11/16pc
Government Stk. Other Secs. Invest. Dfd. 1.225p
Hereford 9⅜pc Bonds 6.3/74 4 11/16pc
Kensington Palace Hotels 4½pcPf. 1.575p
London County 6pc 76-79 3pc
Macpherson (Donald) 0.7p
Metropolitan Water Board 5½pc 76-80 2¾pc
New Zealand 5½pc 1974 2¾pc
Newmark (Louis) 6pc 76-80 3pc
Premier Invest. 1.4p
United British Secs. Tst. 2.46875p
United Gas Inds. 2.1p
Warley Corp. 9⅜pc Bonds 6/3/74 4 11/16pc
West Bromwich Corp. 9⅜pc Bonds 6/3.74 4 11/16pc

TO-MORROW

COMPANY MEETINGS—
Abern Services, Fleming Hotel, W., 9.
Cox (H.) Plant Hire, Winchester House, E.C., 12.
Hensher (Furniture Trades), 34, Farringdon Street, E.C., 12.
Johnson-Richard (H and R) Tiles, Stoke-on-Trent, 12.30.
Leisure Caravan Parks, Hemel Hempstead, 11.
Linnell (Thomas), Winchester House, E.C., 10.30.
Macdonald Martin Distilleries, Edinburgh, 12.
Maybrook Properties, Cavendish Hotel, S.W., 3.
Powell Duffryn, Dorchester Hotel, W., 12.
Reed (William), Great Eastern Hotel, E.C., 12.
South Wanaraiah Tea, Dowgate Hill House, E.C., 2.30.
Trafford Carpets, Manchester, 12.

BOARD MEETINGS—
Finals
Aquis Securities
Astra Securities
Bucknall Trust
Jentique
Kinta Kellas Tin Dredging
Lothian Investment Trust
Meat Trade Supplies
NMA Wright Stephenson
Staplegreen Insurance
Wingate Investments
Interims
British Rollmakers
Low and Bonar
Nu-Swift Industries
Pearl Assurance
Slough Estates

DIVIDEND & INTEREST PAYMENTS—
Barking 8⅛pc Bonds 29/8/73 £4.1961
Bucks. Water Board 8⅛pc Bonds 29/8/73 £4.1961
Darlington 8⅛pc Bonds 29/8/73 £4.1961
Gateshead 8⅛pc Bonds 29/8/73 £4.1961
Gravesend 8⅛pc Bonds 29/8/73 £4.1961
Irish Wire Prods. 3.25p
Johnson-Richards (H and R) Tiles 2.8p
McIntyre 0.6125p
Minster Assets 1.05p
Norfolk 8⅛pc Bonds 29/8/73 £4.1961
North Cotswold Rural District Council 8⅛pc Bonds 29/8/73 £4.1961
Redbridge 8⅛pc Bonds 29/8/73 £4.1961
Reed (William) 1.3125p
Riley (Robert) 0.525p
Thurrock 8⅛pc Bonds 29/8/73 £4.1961
Trafford Carpets 1.2513p
Wandsworth 8⅛pc Bonds 29/8/73 £4.1961
Wright-Scriven 0.7p

THURSDAY, AUGUST 30

COMPANY MEETINGS—
Alderman Securities, Chartered Accountants Hall, E.C., 12.
Carlies Holdings, Hull, 3.
London and County Securities, Barrington House, E.C., 11.30.
Syltone, Bradford, 2.30.
West Cumberland Silk Mills, Whitehaven, 12.
Zinc Alloy Rust-Proofing, Wolverhampton, 11.30.

BOARD MEETINGS—
Finals
Chemical Secs.
Gripperrods
Howard and Wyndham
Stoddard
Western Credit
Wrensons Stores
Interims
Black and Edgington
Blagden and Noakes
Brown Bros. and Albany
Edward Le Bas
Mather and Platt
Ofrex
Richards and Wallington Industries

DIVIDEND & INTEREST PAYMENTS—
Alderman Secs. 0.56p
Brunner Investment Trust 0.9625p
English and Overseas Invest. 0.14p
Hensher (Furniture Trades) Ord. and A Non-Vtg. 1.47p
Macdonald Martin Distillers A Ord 4.4p. B Ord. 2.2p
Provincial Cities Trust 1.31125p
Scott Robertson Ln. 3¼pc
Smallshaw (R.) (Knitwear) 0.7875p
Stoneware 2.975p
Syltone 2.1p
Zinc Alloy Rust Proofing 0.48125p

FRIDAY, AUGUST 31

COMPANY MEETINGS—
Cawoods, Harrogate, 12.
Graff Diamonds, Park Lane Hotel, W., 12.
Griffiths Bentley, Winchester House, E.C., 12.
Harris (Philip), Birmingham, 11.
Lennons Supermarkets, Manchester, 12.
Scott (James) Engineering, Glasgow, 12.
Thorn Electrical Industries, Dorchester Hotel, W., 12.

BOARD MEETINGS—
Finals
Acrow Engineers
Monitor Holidays
Robb Caledon Shipbuilders
Second Alliance Trust
Interims
Alliance Trust

DIVIDEND & INTEREST PAYMENTS—
A.C. Cars 0.28p
Allied Leather Inds. 5pcPf. 1.75pc
Allnatt London Props. Db. 5¼pc
Amalgamated Secs. Db. 3¾, 3½, 3¾, 5¼pc
Amari 1.75p
Argyle Secs. Db. 3¼pc
Ashdown Inv. Tst. Db. 2½pc
Assocd. Biscuit Mfrs. Ln. 3¼, 5¼pc
Assocd. Biscuit Mfr. Ln. 1995-97 4.65p. Ln. 1995-97 7.51p
Atkins Bros. (Hosiery) 5½pcPf. 1.925pc
Ayrton Saunders 5pcPf. 1.75pc
Berry Tst. Db. 4½pc. Ln. 2¼pc
British Indusis. and Gen. Invest. Tst. Db. 3½pc
British Sidac 7pcPf. 2.45pc
Burmah Oil Ln.Stk. 4¼pc
CLRP Inv. Tst. Db. 1½, 1¾, 2, 2¼, 2½, 3½pc
Cattle's (Hldgs.) 0.6125p
Carliol Inv. Tst. 4pcPf. 1.4pc
Cawoods 3.924p
Central London (New) Gtd. Assd. Stk. 1pc
Ciro 10pcPf. 31.5pc
City of London Brew. Dfd. 0.48125p. 6pc Pf. 2.1pc. 20pcPfd. 7pc
Coglans 3.675p
Combined English Stores Ln.Stk 4¼pc
Continental and Indust. Tst Db. 2½pc
Court Line 2.3p
Cox (H.) (Plant Hire) 1.4875p
Crittall-Hope Engg. 2.275p
Croda Intl. Ln. 5¼pc
Cronite Foundry 0.7875p. 8pcPf. 2.8pc
Danae Inv Tst. 1.685p
Debenture Corp. 0.56p
Decca 5pcPf. 1.75pc
Derby Tst. Inc. Shs. 4.101p
Dowty Grp. Ln. 3½pc
Duport 5pcPf. 1.75pc
English Card Clothing 1.4963p
Equity Income Tst. Db. 2⅞, 3⅞pc
Foster Bros. Clothing 5½pcPf. 1.925p
Grant (J.) (East.) Db. 3¼pc
Greatermans Stores 6pcPf. 3pc. 5pc Pf. 2.5pc. 2nd5pcPf. 2.5pc. 3rd 5pcPf. 2.5pc
Griffiths Bentley 0.4375p
Grosvenor Caterers (Glasgow) Db. 2½pc
Guthrie Corpn. Ln. 3⅞pc
Hammill Brick 0.875p
Hepworth (J.) Db. 2¼, 3½, 3⅞pc
Hutton (E. F.) 10cts.
Industrial Commercial Finance Ln. 4 7/16pc
International Computers Db. 3pc
International Publishing Corpn. Db. 4pc. Ln. Stks. 2¼, 3 11/16, 4½pc
Inveresk Group 6pcPf. 2.1pc
Jevons Cooper 1.75p
Kaiser Aluminium and Chem. US12½ cents
Loda Invest. Tst. Income 0.84p
London and Holyrood Tst. Db 2½pc
Long John Intntl. Db. 3pc
Lyle Shipping 6¾pcPf. 2.3625pc
Manchester Garages 0.25p
Marshall (Thomas) Invests. 6pcPf. 2.1pc
May and Hassell 6pcPf. 2.1pc
Melbourne and Gen. Inv. Tst. 6½pcPf. 2.275pc
Metal Box Ln. 3pc
Mitchell Cotts Grp. Ln. 4pc
Moorhouse and Brook 7½pcPf. 2.625pc
Ogilvy and Mather Int. 16 cts.
Ozalid Grp. Ln. 3¼pc
Pacific Atlantic Canadian Inv. 5 cts SC
Park Yorkshire Hldgs. Ln. 4½pc
Permali 0.525p
Pretoria Portland Cement 9.33 cts.
Pritchard Services Ln. £1.35890
Regalia Tea 1.75p. A 0.4375p
Richards and Wallington 7½pcPf. 2.625pc
Rosgill 2.31p
Scottish Utd. Investors 0.6125p
Shaw Carpets 8pcPf. 2.8pc
Smith Bulmer 6pcPf. 2.1pc. 10pcPf. 3.5pc
Southern India Tea Ests. 6pcPf. 2.1pc
Steel Grp. Db. 3¼pc
Stoneware 6½pcPf. 2.275pc
Telehire Db. 3½pc
Telephone and Gen. Tst., Db. 2¼pc
Texaco Canada S$33cts.
Tilling (Thomas) Db. 3¼pc
Tollgate Hldgs. 4cts.
Triplevest Db. 3 11/16pc
Tweefontein Utd. Collieries 30cts.
UBM Grp. Db 2½, 3½, 3¾pc Ln. 5pc
Union Steam Ship of NZ 5½pcPf. 15cts.
Wankie Colliery Co Db. 2¼pc
Weyburn Engng. 6pcPf. 2.1pc
Wormalds Walker and Atkin Ln. 4½pc
Zambia Copper Invests. 3.6p

SATURDAY, SEPTEMBER 1

DIVIDEND & INTEREST PAYMENTS
Aberdeen Edinburgh and London Tst. Db. 2pc
Algoma Central Railway 15cts
American Brands 59 5cts
American-Metal Climax 37.5cts.
Anglo-Argentine Tramways Db. 2 2¼pc. 5pcDb. 1pc dollar premium diston. per orig. £100
Ashley Garden Props Db. Stk. 3pc
Assoc. Portland Cmt. Mnfrs. Db. Stks 3 3½pc
Assoc. Props. Ord. and A Ord. 9p. Pf. 3pc
Australia (Commonwealth of) 7pc 3½pc
Bank of Montreal 22cts.
Bootle 7pc 3½pc
Bowater Corp. Db. Stk. 1⅞pc
British Aluminium 6pc Pf. 2.1pc
Buffalo and Lake Huron Rly. 1stMort.Bd. 2¾pc. 2nd Mort Bd. 2¼pc
Burmah Oil Db. Stk. 2¼pc
Burton Grp Db. Stk. 3¼pc
Cannock 5½pcBds 6 3/74 2¾pc
Caplan Profile Grp. 2.1p
Carrier Corp. 13cts.
City National Invest. Tst. Db. Stk. 1¼pc
Clarke Nickolls and Coombs Ln. Stk 4¼pc
Corp. of London 3½pc Db. Stk. 1963-93 1¾pc
Costa Rica Rly Db 3¼pc
Courage Db. 1⅞, 2⅛pc
Cullen's Stores 5pcPf. 1.75pc
Daniell and Son Breweries Db. 2pc
Debenhams Db. 2pc
Derbyshire C.C. 6¾pc 1973-74 3⅜pc
Dominion and Gen. Tst Db. 2¼pc
Dunbarton C.C. 5½pc Red. 1975 2¾pc
East Surrey Water 4pcPf 1.4pc. Db. 2, 2¼, 3½, 3⅞ 3pc
East Worcestershire Waterworks Ord. (10pc max.) 3.5pc. 5pcOrd 1.75pc. 4pc Pf. 1.4pc. 5½pcPf 1.925pc
Economic Grp 8pcPf. 2.8pc
Electric and Gen Inv. Db. 4½pc
Electricity Board of Nthn Ireland 6½pc 1981-83 3¼pc
Estates Develop. Pf. 3pc
Exchequer 6½pc 1976 3¼pc
Ferrier Pollock 1.25p. Pf. 3¼pc
Ford Motor Com. 80cts.. Com. 20cts.
Forte Db 2.4, 3.875pc
Gallaher Ln.Stk. 3pc
General and Commercial Inv. Tst. 5½pc Prf 1.925pc
Gestetner Papers Deb.Stk. 2¼pc
Greencoat Props. Deb.Stk. 3¼pc
Haigh and Hamer 7pcPrf. 2.45pc
Hampshire 5¼pcBds.Red 5/9/73 £2.6825
Hartley Witney 6¼pcBds. 5/3/75 3⅛pc
Heavitree Brewery Deb Stk. 2.4pc
Huddersfield 5¼pc 74-76 2⅝pc
International Utilities Corp 18.75 cts
Ireland (Rep. of) 4½pc Nat.Ln. 73-78 2¼pc. 9¼pc Stk. 91-96 4⅝pc
Jamaica 7pcStk. 76-78 3½pc
Jessups 0.42p
Kennedy's (Bldrs. Mrchts.) 6pcPrf. 2.1pc 8pc Prf. 2.8pc
Kleinwort Benson Invest. Deb Stks. 2 2½, 2¾pc
Lanarkshire 5½pc Stk 77-79 2¾pc
Lennons Supermarkets 1.499p
Lewis's Deb. Stk. 1¾pc
Lindsey 7pc 1978 3½pc
Liverpool Corporation 7¼pc Bds. 4/9/74 3⅝pc
London and St. Lawrence Investment 5pc Prf. 1.75pc
London (Corp. of) 3½pcDeb.Stk. 83-93 1¾pc
London County 3pc 1920 1½pc. 2½pc 1920 1¼pc
London Prudential Invest. Deb. Stk. 1½pc
Low and Bonar Grp. 5½pcPrf.Stk. 1.925pc. 6pc 1st and 2nd Prf.Stk. 2.1pc
M. and G. General Trust Fund Income Units 1.7p
McCleery L'Amie Group 5pcPrf. 1.75pc
Magnet Joinery Deb.Stk. 4½pc
Mather and Platt 5¼pcPrf 1.8375pc
Monsanto Textiles Stlg. Dir. Ln. 2½pc
Nairn-Floors (formerly Nairn Williamson) Db. 2pc
Northern American Tst. Db. 1½pc
Nottingham 8pc 1979-80 4pc
Nyasaland 4½pc 2¼pc
P & O Steam Nav. Db. 1¼pc
Port of London 6½pc 3¼pc
Proprietors of Hay's Wharf Db. 3¼pc
Radio Rentals Ln. 3¼pc
Ransomes and Rapier Db. 1¾pc
Rediand 6½pcPf. 2.275pc
River Plate and Gen. Inv. Tst. Dfd. 1.05p. 5pcPfd. 1.75pc
Robinson (Thomas) Db. 2½, 3pc
Royal Bank of Canada 0.26 cts.
Sainsbury (J.) (Props.) Ln. 4pc
Salford 5½pc 2¾pc
Sangers Ln. 3pc
Schroders Ln. 3¼pc
Scottish Mtg. and Tst. 5pcPf. 1.75pc
Scottish Western Inv. 0.48125p
Sevenoaks and Tonbridge Wtr. Cons. (5pc max.) 1.75pc. 4pcPf. 1.4pc. 4½pcPf 1.575pc. 5¾pcPf 2.0125pc. 6pcPf. 2.1pc
Signode 21.6 cts. Do. 3.3 cts.
South Africa (Union of) 4½pc 2¼pc
South Staffs. Waterworks Class A (10pc now 7pc max.) 2.45pc. Class B (7pc max.) 2.45pc. Class C (8pc now 7pc max.) 2.45pc. 5pc 1.75pc
Spillers Db Stks. 1½, 3¼pc
Stirling 6pc 1974-76 3pc
Tanganyika 5½pcStk. 1978-82 2¾pc
Tendring Hundred Wwks. Ord. of £10 28p. 5pc New Ord. 17.5p. Pfd. Ord. of £10 28p. 4pc Pf. 1.4pc. 6pc Pf. 2.1pc. 6½pc Pf 2.275pc
Trans Union Corp. 50cts.
Treasury Ln. 8¾pc 1997 4⅜pc
Troydale Inds. 7pc Pf. 2.45pc
UBM Grp. 7½pc Pf. 2.625pc
Vickers Ln. Stk. 3pc
Victory Bds. 4pc 2pc
Wallpaper Mnfs. Db. Stk. 2pc
Whitbread Db. Stks. 2½, 3¼pc
Whites (Timothy) Ln. Stk. [illegible]
Whitstable 5½pc Bds. 6/3/74 2¾pc
[illegible] Invest. Db. Stks. 4pc

Booksellers will be hit by dearer post

By David Walker

BOOKSELLERS ARE likely to have to make widespread extra charges for specially ordered books as a result of the postal tariff increases next month following Price Commission consent earlier this week.

The rises hit the bookselling and publishing trades especially hard because of the steepness of the advances in the 1lb to 1lb 8oz. weight categories in both parcel and second-class letter post. These are the weight limits between which the majority of single volumes fall.

The second-class letter rate for packages of between 1lb and 1lb 8oz. is to go up from 11½p to 13p, with a 5p increase for packets of more than 1lb 8oz. For parcels of similar weight, there is a 5p advance. The rises are among the highest in percentage terms in the Post Office's increase package. They went through despite a strong campaign by both the Booksellers' Association and the Publishers' Association, and approaches by both bodies to the Price Commission and the Post Office Users' National Council.

"We have complained bitterly," the Booksellers' Association said yesterday.

With something like 250,000 titles in print at any one time, it is impossible for even large booksellers to hold fully comprehensive stocks, while most smaller bookshops frequently have to order specially from the publishers for individual customers.

Significant item

As a result, even though a sort of co-operative delivery service is operated by publishers and booksellers, postal charges form a significant expense within the trade.

At present, many booksellers absorb those costs in their margins, though a few, including some large chains, already impose extra charges where a special order is necessary.

Now, the Booksellers' Association said, the majority will probably have to pass the additional costs on to customers, especially when the shop itself is delivering books by post and thus facing a double charge.

Companies with large mail order businesses could be seriously affected, and one fear is that the overall books market may decline as a result.

The Post Office itself expects to lose business as a result of the increases. At present levels of use of the mails, they would bring in £29m. in a full year, but in fact the PO expects its extra revenue to come to only £49m. annually.

Nothing in the world can prevent industrial fires starting.

Fires have always happened, are happening now, will continue to happen. No building is safe from, or immune to them.

An outbreak of fire can be just a temporary nuisance, or a total disaster.

Below you can see why. Taken nationally, fires are always a disaster. On average, the total cost is £500,000,000 every year.

Simply because industry fails to protect itself.

We all pay for this. With loss of material, loss of production capacity, escalating rates, higher rents and prices, the social costs of those made unemployed by bankrupted businesses.

Fire damage can be kept to a minimum by automatic fire ventilation.

So companies won't go bust.

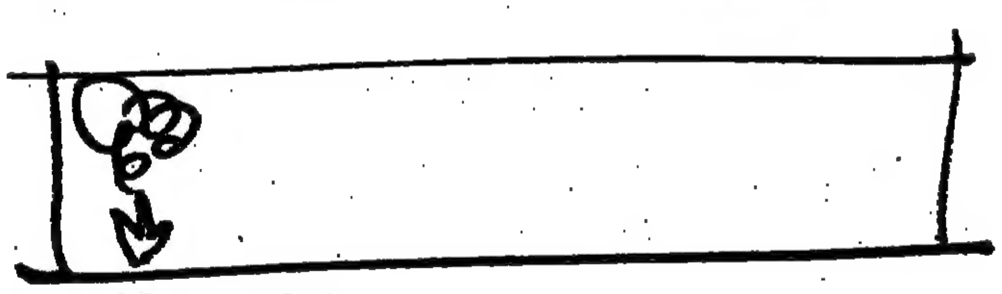
People will still have jobs. And we'll all be a little better off.

The Colt automatic fire ventilation system, which also gives the additional benefit of day-to-day ventilation, can cost little more than a man collects in a year on the dole.

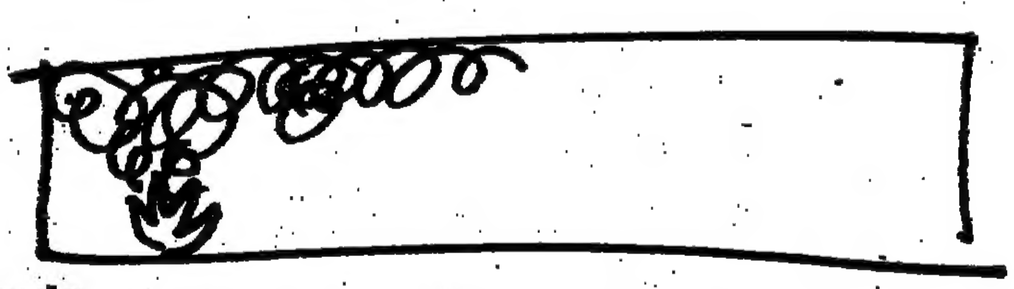
A survey to establish this costs nothing.

Colt International Ltd. (Heating, Ventilation & Industrial Access), Havant, Hants. Havant 6411. Telex 86219.

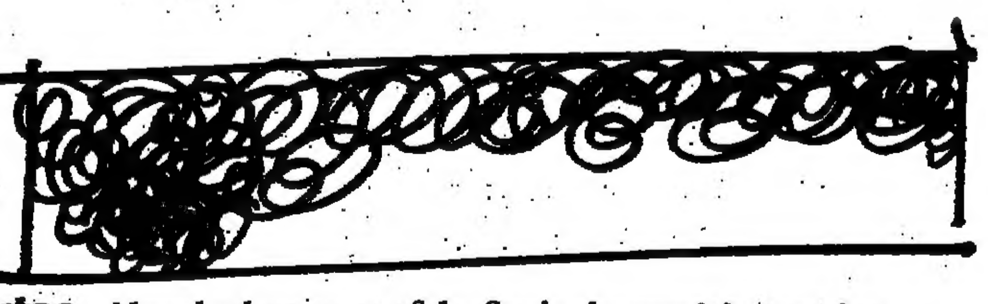
A building with no fire ventilation.



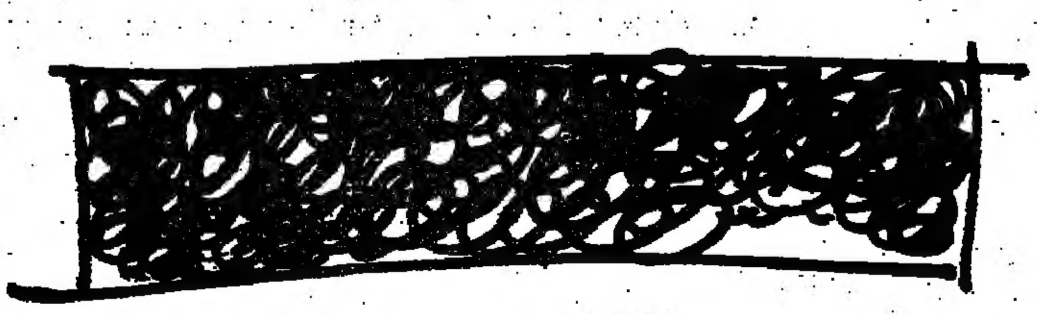
The start of a fire.
The cause, accident or malice.



1 minute. Flame and smoke unable to escape, spread further than if the fire were vented.

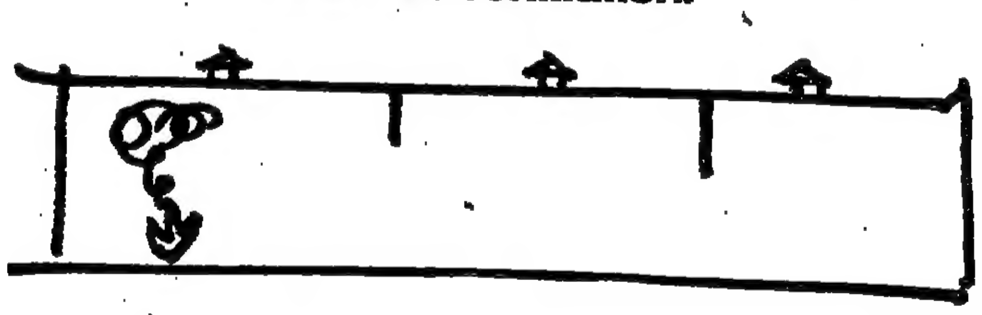


2 minutes. Already the source of the fire is obscured, hampering and endangering fire fighters. Even if they're this quick in responding.

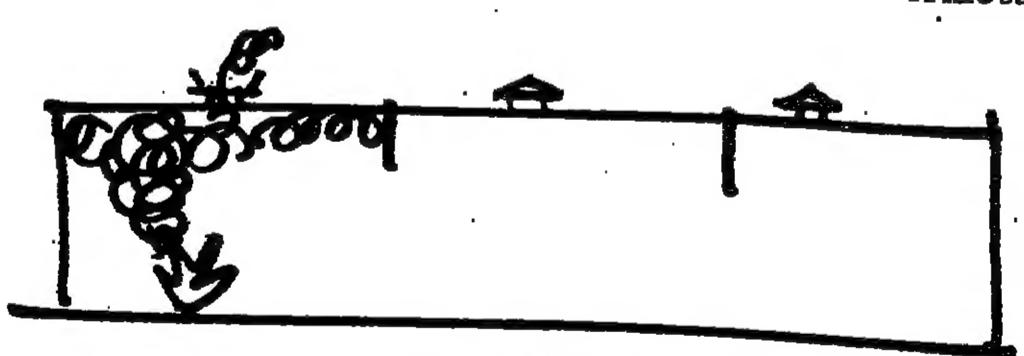


3 minutes. By this time, smoke from even a 10 ft x 10 ft fire has completely blacked out a 200,000 cubic foot building. Effective fire fighting is now made impossible, resulting in enormous water as well as smoke damage.

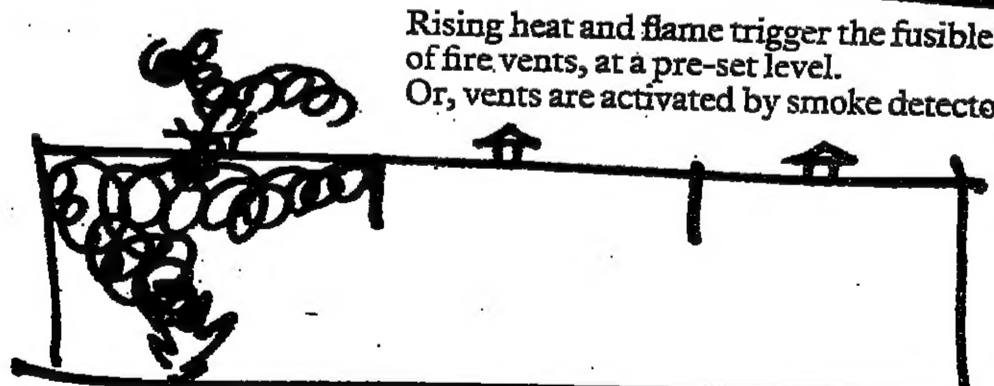
With fire ventilation.



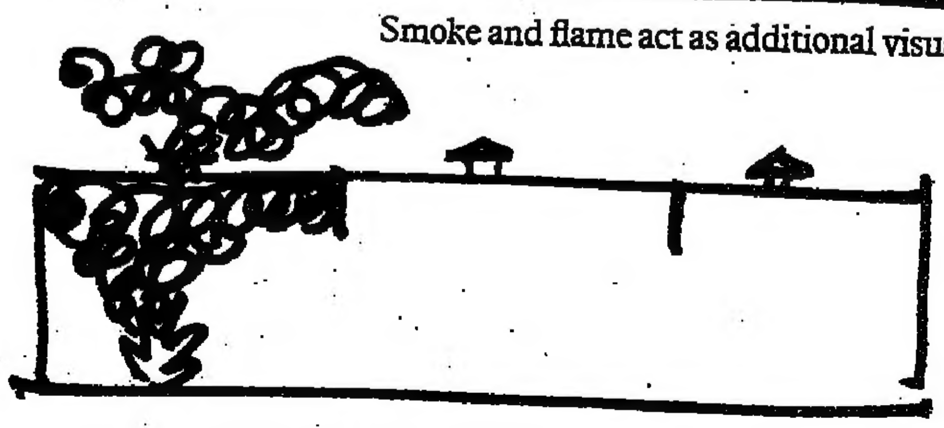
A fire starts.



Rising heat and flame trigger the fusible links of fire vents, at a pre-set level.
Or, vents are activated by smoke detectors.



Smoke and flame act as additional visual warning.



The source of the fire remains visible allowing fire fighters to deal with it swiftly and systematically. Damage is kept to a minimum.

Colt automatic fire ventilation.

Courtaulds to make new form of spun vegetable protein

BY JUSTIN LONG

A FURTHER development in the factory-made protein industry—which is still in its infancy—will shortly be made when Courtaulds makes available a new dehydrated and vegetarian version of Kesp, its pre-cooked, meat flavoured product.

Still to be completed are marketing plans for the new form of spun vegetable protein, which is expected to have wider applications and be easier to store and retail than a pre-frozen product.

If the remaining planning goes as well as is hoped marketing arrangements should be ready for announcement sometime in the autumn.

Other indications of the advance being made in the factory-produced protein field can be expected in the next few months.

In the animal-feed sector, British Petroleum hopes to be able to announce, perhaps by the end of the year, the start on the construction of its £20m. project for a large petro-protein plant at Sarroch, Sardinia.

This project is being undertaken by BP and ANIC, through their jointly-owned company, Italprotein. The plant is expected to go into production in 1975.

ICI has yet to make a final firm decision on its own recently-announced proposals for the construction of a £15m. plant—probably on Teesside—to produce 100,000 tons annually of high-grade protein feedstuffs for animals from North Sea gas.

"The evaluation work is going well and the main board's decision is expected early next year," an ICI spokesman said at the week-end.

With new-style nutrients being taken more and more seriously in the food manufacturing industry, the Food Standards Committee is reviewing non-traditional proteins, and its study would certainly include the adequacy or otherwise of the present controls over the composition of foods and of labelling regulations.

The Committee is expected to report to the Minister of Agriculture towards the end of the year.

There does not appear to be any reason for supposing that amendment of the Food and Drugs Act or drastic revision of regulations would be needed.

"Existing legislation is not designed to restrict the introduction of new foods," a Ministry spokesman said. "It is only designed to safeguard the consumer and where necessary, to govern the composition and labelling of food."

Meanwhile, a three-day international conference opens in Hamburg to-morrow, at which scientists will discuss the advances made and problems encountered in new protein research. Leading manufacturers in the U.K. food and beverage industries will be represented at the conference.

Dr. Ian Morton, head of the food science department at Queen Elizabeth College, London, who is editing the conference papers for publication, said: "The new proteins could help transform the world food situation during the course of the next 15 years."

Godber gives pledge on EEC farm policy

BY DAI HAYWARD WELLINGTON, August 27.

BRITAIN HAS no intention of trying to destroy the EEC Common Agricultural Policy from within, Mr. Joseph Godber, British Minister of Agriculture, told the New Zealand Institute of International Affairs here.

However, Britain and the whole Community recognised they were dealing with a developing situation. This meant that detailed workings of CAP must be re-examined to ensure they were meeting objectives and to see what improvements could be made.

"It is clear, I hope, to all of us in the Community that some improvements are required," Mr. Godber said. That was why the Community had committed itself to a review of CAP during the next few months.

Europe was anxious that the achievement of CAP's objectives was not at the expense of increasing inflation still further. "Changes will be evolutionary, not revolutionary."

World agricultural production and trade policies needed to be kept under review. Individual countries could no longer hope to solve their problems by themselves. "A global approach is now required."

"Fluctuations in dairy product situations, the emergence of an acute beef shortage and the dramatic turn-around in the world grain situation all point to the need for importing and exporting countries to work more closely together. The far-reaching results of the current world grain situation have not yet been fully felt in Britain or many other countries."

Referring to the forthcoming GATT talks in Tokyo, Mr. Godber said it would not be easy to find solutions covering agriculture as well as industry, but Britain and other EEC countries had agreed agriculture must be included in those discussions.

In what could be regarded as something of a reprimand to New Zealand importers for turning to other countries for goods which the U.K. could supply, Mr. Godber said: "You must realise we attach just as much importance to your industrial market here in New Zealand as you do to our agricultural market in our country." He also stressed the need for stability in agricultural trade. At present, instability played havoc with the economic planning of importing and exporting countries. There were no quick solutions, but there was an urgent need to start work on finding them.

Mr. Godber said he was convinced a large potential market existed for New Zealand lamb in Europe. "In time, there will probably be some form of market organisation in Europe to encourage EEC lamb production, but this will also encourage consumption. This will be to New Zealand's advantage."

Anglo-Israel drops personal banking charge

ANGLO-ISRAEL BANK is to drop charges for personal accounts for the six months to the end of this December. The bank hopes to continue this arrangement thereafter.

Companies and business organisations will, for the time being continue to be charged on the basis of 7p per item, but a yearly notional 5 per cent. interest on any average cleared credit balance over £500 will be used in the reduction of charges.

To provide an additional service for clients, the Anglo-Israel Bank will arrange for cash drawing and paying-in facilities at any U.K. bank. Any reasonable charge for using these services will be borne by the bank.

SLEAFORD PLANT FOR RALEIGH

Raleigh Industries, the Nottingham-based bicycle manufacturer, will soon complete negotiations for the lease of factory space in Sleaford, Lincs., to increase its supply of components.

The new plant, which is due to start producing in November, will meet the company's plans to expand production in the coming years. It will gradually raise its labour force to about 200 workers.

Demand for executives 'still at record level'

BY JOHN TRAFFORD, MANAGEMENT EDITOR

DEMAND FOR executives, which reached record levels during the second quarter of the year, is showing every sign of having stayed buoyant during the normally slack months of July and August.

The Department of Employment's Professional and Executive Register reports that vacancies on its books are at an all-time peak and that the rate of filling jobs is now almost double that of a year ago. Most of the jobs handled by the Register fall in the £2,000-£2,500 category.

Further up the market, MSL, the management selection consultants, says its monthly index for vacancies advertised in the national Press in July was, like that of June, the highest for that month since the index was started in 1959. August has also been unusually busy.

Compared with July, 1972, demand for personnel specialists was 200 per cent. up in July this year. Computer staff (up 172 per cent.) and production managers (up 161 per cent.) were also much in demand.

PA Management Consultants, giving details of its quarterly European Executive Index, says the index for the U.K. in the second quarter of this year, at 178, was another record and compares with 111 for the same quarter of 1972.

Salary rise

The same trend is to be found in Italy whereas in West Germany, demand (as registered through advertisements in newspapers) is actually lower than a year ago.

The company comments that the figures pose the question of whether economic activity and demand for executives necessarily march hand in hand.

Part of the increase in U.K. demand is undoubtedly caused by the Government's incomes policy. This has meant that the quickest way for an ambitious man to get a substantial salary rise is to change his job.

The recently-announced increase in the mortgage rate is expected to exacerbate the situation. Furthermore, there is a fear that, if Phase Three does not take account of the potential mobility of executives, the present foot-loose tendency will increase.

Graduates looking for their first job are also finding it easier going. A recent study by the Unit for Manpower Studies at the Department of Employment estimated that 15 per cent. more jobs were on offer by public and private employers to first-year graduates, but that the number of graduates had increased only 5 per cent. this year over last.

It seems certain that the serious graduate unemployment which developed in 1971 and 1972 will not be recurring this year.

Opportunities

The Central Services Unit for University Careers in Manchester, which co-ordinates vacancies with the various university appointment boards, says its first three monthly vacancy lists (published in June, July and last week) carried as many vacancies as all nine lists put out on behalf of last year's graduates.

Turning to opportunities abroad, Robert Lee International, the executive selection consultants, say there is a growing interest in senior men taking jobs in the Middle East and Asia. The willingness to go abroad has its parallel in earlier periods of economic uncertainty.

Japanese export cut hits world plastics supplies

BY OUR FOREIGN AND INDUSTRIAL STAFF

THE WORLD plastics supply situation is likely to be aggravated by the Japanese industry's decision to slash exports by as much as two-thirds over the next few months.

The shortage of plastics in Japan, partly caused by increased domestic demand and perhaps hoarding by wholesalers, is such that the industry is giving priority to domestic needs, despite bitter complaints from customers in China, South Korea, Taiwan and Hong Kong.

The shortages have been sending prices up for such items as housing construction materials and water pipes at what is described as a "fantastic rate." Prices of plastics are now between 15 and 20 per cent. higher than a year ago. Polystyrene has risen from 100 yen a kilogram to 118 yen, and is expected to rise even higher this autumn.

Plants stop

The Japanese situation is aggravated by the fact that the industry is working considerably below capacity. Several large plants have stopped operation completely or curtailed production.

An explosion in the Tokuyama complex of the Idemitsu Petrochemical Company also hit the supply of basic chemical products.

It is thought low-capacity output in the industry may continue at least until the end of the year, and two more years may elapse before shortages are made good.

Petrochemical and chemical companies are trying to boost output as far as raw materials and public objections to use of mercury will allow. Caustic soda plants in Japan have been virtually paralysed since the recent mercury pollution scare.

The British Plastics Federation said the Japanese situation was one factor in the general shortage of materials. A spokesman said he "could not see the end of the tunnel." Britain's supply picture has been frustrated by production difficulties and prices.

Material prices are reckoned about 30 per cent lower in the U.K. compared with the Continent, as a result of the Government's price code. The Plastics Working Party of the National Economic Development Office has said that this will tend to discourage EEC producers from exporting to the U.K.

Major petrochemical companies would undoubtedly like a price rise to compensate for shortages to finance new production and divert materials to the U.K. Small processors, worst hit by the shortage, would—ironically—also welcome higher prices. The shortfall between supply and demand has already given rise to hoarding and "black market" prices.

The report—the summary of the latest comprehensive review of the industry—says suppliers already ration materials, in some cases to 50 per cent. of existing usage. Small buyers, without fixed contracts face much bigger cuts in supplies.

West German industry too is faced with the major problem of a shortage of raw material, especially acute for benzol. Since early this year benzol has been used in petrol instead of lead, for anti-pollution reasons, and its price has risen by about 100 per cent., which has a down-stream effect on most plastics.

Company sources say the industry is confident that 1973 will prove a good business year with higher turnover and exports.

West German production of plastics rose by 17 per cent over the same period last year to 1.6m. tons in the first quarter this year. Exports and imports in the same period were up 18 per cent., to 664,000 tons, and 26 per cent., to 373,000 tons, respectively.

Bonn rise continues

Thus the upward trend in Bonn's plastics industry, which began in 1972, continues steadily. Total 1972 output rose by 14 per cent. to 5.45m. tons in 1971.

Due to rising demand since mid-1972 the industry is working to near full capacity. Worldwide shortage of PVC and other material shortages in West Germany, in the face of growing demand, have raised plastics prices. The plastics price index (1962=100) was 81.5 in 1968, dropped to 81.1 in 1969, 80.5 in 1970, rose slightly to 80.9 in 1971, and dropped to 79.3 in 1972. Since the beginning of 1973 it has clearly moved up again, but the industry has not yet published up-to-date figures.

Architects urged to protest on Ordnance Survey plans

BY JUSTIN LONG

PLANS HAVE been made for a nationwide protest campaign by Britain's 20,000 architets against Government proposals for commercialising mapping services provided by the Ordnance Survey.

Proposals for the Ordnance Survey's future, announced in February by Mr. Geoffrey Rippon, Secretary for the Environment, have roused a surge of anxiety about a possible reduction in the types of maps made available.

One of the loudest voices is the Ramblers' Association, which has 26,000 members and 430 affiliated clubs. It fears that maps popular only with amenity or civic societies but with no wide sale—the 2½ inch to the mile series—will be abandoned.

Last week, the Countryside Commission urged the Government to ensure that these maps are continued.

Professional organisations, which have already made strong representations to the Government and are now in consultation with the Ordnance Survey over plans for its future, include the Royal Institution of Chartered Surveyors, the Royal Town Planning Institute and the Institution of Civil Engineers.

The Royal Institute of British Architects, reinforcing these representations, is calling this week on its 100 regional and branch organisations to take up the campaign with Ministers and MPs at national and local level.

Their main fear is that changes proposed for the national survey and mapping service will mean the eventual extinction of the "bench mark" system.

This is a national network of precise height marks founds on the outside of buildings, on which most survey calculations are based.

The RIBA circular to its members draws attention to warnings given earlier this month by Major-General R. Brown, a former director general of the Ordnance Survey, that within a few years the tertiary level heights—bench marks—system would have "fallen into decay and becomes useless."

A warning is given against the apparent "cost-effective" approach to be adopted by the Ordnance Survey. It is argued that in time this could mean the end of other important mapping and survey services, which could be shown to be unprofitable.

A major grievance of the architects is that the Minister took decisions based on a "secret" report. Also, when the major review of Ordance Survey operations was being conducted, no formal consultations took place with professional bodies such as architects, planners, surveyors and engineers, nor has the report of the review been published.

Three main issues which RIBA wants its members to make are:

- Whether reorganisation of a service of such fundamental national importance as the Ordnance Survey should be decided without consultation with main users of the service.
- If less widely used scale map series—such as the 2½ inch to the mile scale—should be allowed to disappear.
- Should the decision to abandon the bench mark system be allowed to stand.

"The initial decision of the Secretary for the Environment to change objectives of the Ordnance Survey on the basis of a secret report and without consultation is worrying enough," says RIBA. "It will also, inevitably, colour the attitude of the service in the current consultation in detail.

"It could well be that, if commercial considerations are allowed to dominate the new organisation, some service of considerable importance to a minority eventually will be declared uneconomic and will be withdrawn."

When Mr. Rippon made his announcement he outlined the intention to maintain the availability of survey information at basic scales in such forms as might be most appropriate to the needs of users, and in the case of the 1:10,000 scale to publish and maintain a uniform series of maps covering the whole country.

OVERSEAS NEWS

Crisis in Libya Egypt merger

BY IHSAN HIJAZI

BEIRUT, August 27.

THE LIBYAN leader, Col. Khedaffi, has expressed his pessimism about the chances of the projected merger between his country and Egypt, which is supposed to be submitted to a referendum on September 1.

In an interview published here today, he declared: "The situation is still unclear. Five days are not enough for taking an historic decision."

The interview was with the Cairo correspondent of the leading Beirut daily Al Nahar. Col. Khedaffi and his Premier, Abdel Salam Jalloud flew to Cairo on Saturday and moved into a second class hotel. They had not told the Egyptian Government in advance of their intended visit. Cairo newspapers, quoted by the Egyptian Radio, reported to-day that Col. Khedaffi was prevailed upon last night to move into the guest house at Quba Palace. He has met Vice-President Hussein Shafei and Vice-Premier Abdel Kader Hatem.

Col. Khedaffi in his statements in Al Nahar disclosed that the Libyan leadership had rejected a draft formula submitted this month by President Sadat for the proposed union between his country and Egypt. He said he suggested that two plans be submitted to the referendum, one by Libya and the other by Egypt and that the one which receives the majority of votes should be adopted.

President Sadat, he said, rejected the idea and insisted on a joint Libya-Egyptian draft. Col. Khedaffi said the Libyan and Egyptian ideas on unity are irreconcilable at present.

It will be recalled that Col. Khedaffi had proposed an immediate merger with Egypt while Egyptian leaders opted for a union in stages. Asked if failure to establish unity would lead to a boycott between the two countries, Khedaffi said he did not know.

Informed sources here believe the Libyan leader wanted to get Sadat's answer on the union so he may decide what to say in the speech Khedaffi plans to deliver on September 1 on the occasion of the fourth anniversary of the Libyan coup which brought him to power.

The sources said if Khedaffi was not able to give the Libyans union with Egypt he would turn his entire energy to putting the pressure on the foreign oil companies operating in Libya.

Brandt concern at strikes

By Malcolm Rutherford

BONN, August 27.

CHANCELLOR BRANDT is now actively involved in discussions on the unofficial strikes which have been troubling the West German engineering industry for the past few days, and which have now stopped production at the Ford plant in Cologne.

The Chancellor spent much of the day discussing the situation with industrial leaders at the Frankfurt Fair and returned to Bonn for talks with the relevant ministers this evening.

To-day the Ford plant was easily the worst hit and about 12,000 workers were sent home in order to prevent incidents. The trouble began last Friday when a number of Turkish workers protested against a dismissal of about 300 of their compatriots for overstaying their holidays.

The situation at the Opel plant in Bochum, however, is reported to have improved, but it stopped short of a full return to work.

● Bayer AG has joined West Germany's other two chemical majors—Hoechst and BASF—in reporting slower growth in the second quarter, but still generally satisfactory results.

First-half net profits of the parent company were 16.2 per cent. up to DM165m. after having been up 21.3 per cent. in the first three months. A Bayer spokesman said to-day that profits for the year as a whole should be up on 1972 when the company netted DM338m.

Shell, Unilever top league outside U.S.

BY NICHOLAS COLCHESTER

NEW YORK, August 27.

THE ROYAL DUTCH SHELL group still holds easy sway as the largest company outside the U.S. With sales last year of $14,000m. Shell was followed in Fortune magazine's latest ranking by another Netherlands-British company, Unilever, with sales of $8,800m.

In world terms, Shell would be the fourth largest industrial company with a turnover less than those of General Motors, Exxon Corporation, and the Ford Motor Company.

The order of companies outside America last year ran: Shell, Unilever, Philips' Gloeilampenfabriken, British Petroleum, Nippon Steel, Volkswagenwerk, Siemens, Hitachi, Imperial Chemical Industries and Toyota Motor.

Among this top 10, Philips overtook British Petroleum, Nippon overtook Volkswagen, Hitachi passed ICI and Toyota Motor joined the 10 while Nestlé left it.

The Fortune list covers 300 non-American industrial companies and reports that they all benefited from a world-wide business boom last year with combined sales rising almost 19 per cent. and profits 14.5 per cent. Out of the 300 companies, more than one third had 1972 sales of over $1,000m.

The four companies with the fastest increase in sales—reflecting mergers as well as increase in turnovers of existing businesses—were Estel, the steel company that was formed out of a merger of West Germany's Hoesch with Holland's Hoogovens, Bowater, Oji Paper of Japan and the Imperial Tobacco group.

The biggest money losers were Montedison, the Italian chemical company, which recorded a loss of $779m. The U.K. National Coal Coal Board, with a deficit of $205m. and Ruhrkeble of Germany with a loss of $160m.

New Chile Cabinet may exclude armed forces

BY HUGH O'SHAUGHNESSY

SANTIAGO, August 27

THE FOG of political crisis in Chile, though still thick, lightened a fraction to-day with reports that a new Cabinet will be formed soon by President Salvador Allende and that there is a distinct possibility that the month-old road transport strike may be settled shortly.

Government sources said that President Allende is to announce a new Cabinet in the next few days which this time will not include any representatives of the armed forces. This follows the gradual collapse last week of the "National Security Cabinet" announced by the President on August 9.

The Cabinet was greatly weakened by the resignation of General Carlos Prats, a trusted associate of the President, from his post as Commander-in-Chief of the army and Defence Minister.

General Prats' departure had been preceded by the resignation of General Cesar Ruiz as air force commander and his replacement as Minister of Public Works and Transport by General Humberto Magliochetti. The position in the Cabinet of Admiral Raul Montero, the navy Commander-in-Chief who was named Finance Minister on August 9, is unclear. He is reported to have reassumed effective command of the navy which he had passed over to a subordinate when he assumed his ministerial function earlier this month.

The armed forces have, as a result of the moves of the last few days, edged away from intimate involvement with the Government and the new heads of the services appear to want to underline their more traditional role as guardians of the Constitution and opponents of any sector whether of the right or of the left, which sought to contravene it.

The latest developments have calmed the anxieties of senior officers that the armed forces were becoming too identified with the Allende Administration.

Meanwhile, talks continued today between the Government and the road hauliers and bus and taxi owners. The Government is reported to have given in to the hauliers' demands about supplies of new vehicles and spares but there remain some overtly political demands from the hauliers about which the two sides have yet to agree. Nevertheless the conservative Santiago daily, El Mercurio, today reports that work has started on the drafting of a final agreement.

The strike has gone on for nearly a month and is having extremely serious effects on the country's economy. Many staple foods are in very short supply and there is virtually no public transport.

Classes in junior schools, though not in secondary schools, restarted to-day. The Government had prolonged winter school holidays because of fears of disorder when classes resumed.

The Government has aimed a further blow at the neo-fascist Partria y Libertad by last Saturday's arresting of its leader, Sr. Walter Roberto Thieme. Partria y Libertad has been operating clandestinely since it claimed responsibility for the abortive army coup attempted on June 29 which resulted in the deaths of 22 people.

CYPRUS JUSTICE MINISTER FREED

NICOSIA, August 27

CYPRUS Justice Minister Christos Vakis has been set free, exactly one month after being kidnapped from his home by armed supporters of the underground leader, General Grivas. Mr. Vakis said he had been treated well

But he refused to disclose where he had been kept and maintained he had not met Grivas himself. However, he volunteered a statement which appeared to represent Grivas's thinking. He spoke of a need for all Greek-Cypriot people to strive for the achievement of national ideals—a line usually taken to mean Enosis.

He did not denounce Grivas's action in abducting him and holding him hostage, but rather mildly criticised the alleged mishandling of Grivas supporters by police

Compac in joint Finland plant plan

AN AGREEMENT involving a joint investment of more than £1.5m. over the next three years has been announced in London and Helsinki by Compac International, a subsidiary of Compac Corporation, of Newark, New Jersey, and Oy Tilgman AB, one of Finland's leading commercial printers. The agreement is to establish a manufacturing company, Oy Compac AB, and a separate marketing company, Oy Kleen-Stik AB.

Oy Compac AB will manufacture Kleen-Stik self-adhesive products at a custom-built paper coating plant—the first of its kind in Finland—at Jyvaskyla, a Government development area some 270 km north of Helsinki. These products, together with the Label-Aire applicator, will be marketed throughout Scandinavia, East Germany, Poland and Russia by Oy Kleen-Stik AB, based in Helsinki.

Comecon move on EEC

BY HILARY BARNES

COPENHAGEN, August 27.

AN INITIAL move to establish co-operation between Comecon, the Communist countries' Council for Mutual Economic Co-operation, and the EEC, was made here to-day by the Comecon Secretary General, Mr. Nikolai Fadeyev.

At an unofficial 45-minute meeting with Denmark's Common Market Minister, Mr. Ivar Noergaard, currently Chairman of the EEC Council of Ministers, he proposed that the two organisations should appoint delegations to discuss the establishment of closer contacts.

Mr. Noergaard said he would convey the Comecon proposal to the next meeting of the Council in Brussels on September 21-22.

Mr. Fadeyev's meeting with Mr. Noergaard was seen here as an important new stage in the Communist bloc's reconciliation to the fact of the EEC's existence.

It follows Soviet Party leader Leonid Brezhnev's speech of last New Year's Eve in which he said that the EEC had to be recognised as a European reality.

In July, Mr. Kosygin, the Soviet Premier, informed M. Gaston Thorn, Luxembourg's Foreign Minister, while on a visit to Moscow, that Mr. Fadeyev had been authorised at a June meeting of Comecon ministers, to contact the EEC at a suitable time.

After the meeting Mr. Fadeyev talked with a senior official in Mr. Noergaard's department before a later appointment with Mr. Andersen, at which Mr. Fadeyev repeated the points of view already expressed to Mr. Noergaard.

Mr. Noergaard told the Press that he saw two principal problems for relations between the EEC and Comecon. First, they had different institutional set-ups. Second, there was the question of how to increase mutual trade while at the same time ensuring some kind of reciprocity.

ATLANTIC SPEED RECORD BROKEN BY CARGO SHIP

A transatlantic speed record for a cargo vessel has been broken by Sea-Land Exchange, an SL-7 class containership operated by Sea-Land Service, Inc., a subsidiary of R. J. Reynolds Industries Inc.

The Sea-Land Exchange steamed into Rotterdam after making the crossing from New York in just three days, 18 hours and two minutes, representing an average speed of 33.21 knots. The east-bound speed record was previously held by two of the same company's sister-ships—the Sea-Land McLean and the Sea-Land Galloway.

B-52 crew disciplined

GUAM, August 27.

THE U.S. Air Force has issued a letter of reprimand and fined the radar navigator of a B-52 which accidentally bombed the Cambodian town of Neak Luong earlier this month, the Air Force stated at its American base here to-day.

A spokesman for the Eighth Air Force said Capt. A. Brumfield, the navigator, was also ordered to forfeit $350 for two months. Three other officers were also disciplined as a result of the investigation into the bombing disaster, the worst of the IndoChina war, which killed 137 persons and wounded 268 others.

UPI.

From Phnom Penh, Reuter reports: Lt-Gen. Sirik Matak, a Cambodian Government leader, to-day left open the possibility that a Government delegation was meeting outside Cambodia with representatives of the Communist-led insurgents in an attempt to find a peace settlement.

There has been speculation here that a meeting between the two sides on ways to end the fighting has been going on in Moscow. But there has been no official confirmation.

Stewart Dalby reports from Saigon: As expected, President Thieu swept the board in South Vietnam's mid-term Senate elections yesterday winning all 31 contested seats.

Despite what the Government claimed was a 92.7 per cent. turnout of the 7m. electorate, the elections—largely peaceful—were devoid of drama in a political sense because there was no doubt who would eventually emerge the winner.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SHIPBUILDING

Automated production and design

FOR THE first time, the extent to which British shipyards are making use of advanced automated methods of tackling ship design and construction problems has been disclosed.

Speaking at a conference on shipbuilding now taking place in Tokyo, Dr. R. Hurst, director of the British Ship Research Association, indicated that five big yards had adopted the "Britships" integrated production and design system developed over a period of years at BSRA, Wallsend.

Emphasis, initially, in the development of this system has been placed on production control and modular structure. The software has been planned to dovetail with work already done by BSRA members among whom Swan Hunter Shipbuilders, Sunderland Shipbuilders, Austin & Pickersgill, Vickers and Lithgows already are users. Together with other shipyards, such as Govan, which are introducing the Britships system, these companies account for the majority of British shipbuilding.

Founded on the shipbuilding version of the "2CL" programming language developed by BSRA the automation procedure includes programs for design calculations, the fairing of ships' hulls, the development of curved surfaces, ordering and production control and post processors for a range of numerically-controlled ship-yard equipment, including flame-cutters and optical followers.

Design stages

Further developments cover the ship design process. These are being carried out in the closest association with the shipbuilding industry. The intention is to build upon the modular foundation of Britships to provide for four separate special design stages — preliminary structural design, structural design, steelwork definition for production and information for production.

For all four stages a common bank of programs and programming aids will be available together with a common bank of data which will be modified and extended as a design process is carried out. But this will demand a new departure in the service provided to members since the design complex will be required to operate as a real-time on-line service with which individual naval architects will be able to "talk" as they develop their design ideas.

Member companies—the whole industry—have expressed confidence in the continued evolution of Britships into the design area by supporting a pilot scheme to be carried out by BSRA and the industry to consider hardware and software problems, to implement application packages and to assess the viability of such facilities before proceeding to the full-scale structural system, which will demand considerable investment in time and money.

Accurate results

Possibly the most interesting aspect of the Britships development, with its concomitants Brifair and Britshell—respectively intended to provide automatic printouts of lines which delimit areas of the hull with certain common properties and of important seams, butts tanks tops and so on, all with minimal data input—is the fact that while the systems do not markedly reduce the amount of time needed to prepare the information for the whole operation compared with previous manual and assisted methods, the end-results are considerably more accurate.

The numerical control tapes and the optical templates which are a by-product of the operation enable users to avoid costly correction and re-cutting operations. Reduction of welding and cutting times is also not an item which can be ignored. Moreover, practically 100 per cent of the shell surface can be defined against 90 per cent. by other systems.

BSRA has one of the few very large flat bed plotters by Gerber in the UK, equipment able to generate parabolic curves as well as straights and arcs of circles and this equipment is extensively used under control of data from the 1903A at the centre to draw the complex curves representing fairing lines on the vessels planned and under construction in the UK, as well as stress diagrams which are of great significance in the siting and weighting of reinforcement.

In contrast with a number of other projects, that at BSRA has always sought to produce the maximum amount of practical guidance for users while encouraging, though not forcing, the latter to advance their methods of operation to take maximum advantage of the computerised services.

Site demonstration of a vertical welding unit which will apply gas welding to ships' plates in one continuous vertical movement proved, so far, up to 40 feet but applicable to any length of vertical weld. Developed at BSRA, Wallsend, with the help of the Welding Institute, the equipment is being tested at Lithgows. It consists of a lift cage with the controls for the operator and a hoist cable connected with a service unit (not seen in the shot). The welding head is at the back of the cab which is held against the plates to be welded by a permanent magnet which prevents it from swaying in the wind. Speed of operation and quality of finish of the weld are remarkable, the only significant prerequisite being correct alignment of the rows of plates to be welded. This is only one of the many large-scale units developed at BSRA to encourage member companies to use the most advanced equipment available.

● COMPUTERS

Britain's balance moves into black

PRELIMINARY DTI figures for the first half of the current year indicate that Britain's trading in computing equipment and sub-assemblies has moved into the black and is likely to remain that way for the foreseeable future.

This is somewhat in conflict with the deductions and the suggestions of a working party set up some time ago by the National Electronics Council which saw in the continued heavy imports of peripherals and parts a major threat to the future and suggested Government intervention to foster manufacture in the U.K. of new peripherals.

However, it appears that in January-June, when exports rose to £106.5m. from £63m. in the comparable period a year earlier, imports were at £118.4m. against £76m. The apparent unfavourable balance was £11.9m., but allowing for the fact that exports are fob and imports cif and that adjustments are made in the import figures by official decisions which add as much as 20 per cent., in certain instances, where manufacturers are importing equipment from overseas for incorporation in Britain into finished products or systems, it would seem that the favourable balance was of the order of £10m., promising an end-of-the-year performance of better than £20m.

Particularly significant in this context is the sharp advance in exports of what are described in the official nomenclature as "units of automatic data processing machines" other than card punches, power supplies and central processors to £43m. from £23m., in contrast with imports under this heading which have gone up to £28m. from £21m.

At the same time, under the heading of "parts" of data processing machines other than punches and power supplies, imports in the half-year advanced to £69m. from £38m. and exports to £29m. from £21m.

The inference is that the role the U.K. is playing as a centre where value is added to equipment by its assembly into working systems is now paying off handsomely.

● SAFETY

Guards hand-made in plastics

MACHINE GUARDS with high torsional strength and impact resistance are being made in hand-laminated glass-fibre-reinforced plastics (grp) by Kee-West Developments, Solent Industrial Estate, Southampton, using "Beetle" polyester resins supplied by BIP Chemicals Turner and Newall), Oldbury, Worcs.

The guards are custom-made for a variety of industrial applications, and a range of 38 has been developed by Kee-West and Molins for the latter firm's cigarette production machines.

"E" grade glassfibre is used as a general reinforcement, but steel and non-hygroscopic hardboard are incorporated in the laminates in areas where extra strength and rigidity are required. For sound absorption, polyurethane foam insulation is bonded to the backs of the guards.

Hinges and fittings are bonded into the grp, the moulders working to tolerances of ± 0.2 mm to assure accurate location.

Grp guards have gradually superseded sand-cast aluminium guards at Molins, with a saving of up to one-third in guard production costs. This is largely because the grp units need little finishing when removed from their moulds, whereas the aluminium castings had to be fettled, machined, cleaned, primed and painted before they could be fitted. The grp guards weigh, on average, 50 per cent. less than their aluminium predecessors, yet are as strong.

Chemicals to retard fire

FIRE RETARDANT chemicals made by Dover Chemical Corporation, U.S., are available in the U.K. from Jacobson van den Berg and Company (U.K.), 231 The Vale, London W3 7RN.

Products include a 70 per cent. chlorinated paraffin resin stated to be suitable for use as a flame retardent in paints, printing inks, plastic foams, adhesives and paper and fabric coatings. It is soluble in a wide range of solvents and compatible with most common resins. Tasteless and odourless, it is also non-toxic, says the maker.

A foam that is not only non-burning, but also self-extinguishing, even after repeated washings or water extractions, can be produced with a polypropylene oxide aduct of tetrachlorobishenol A, with combined phosphorus. The company says it is possible to incorporate this into a polyurethane foam or coating to give the exact degree of fire retardancy needed.

A water emulsion of chlorinated paraffin is said to be suitable for use in adhesives, paints, waxes, polishes, urethane foams, fabric coatings and inks, where it is claimed to impart fire resistance, and in many cases improves flexibility.

Fleck paint passes the test

FIRE TESTS, for "ignitability" and "propagation" characteristics according to Parts 5 and 6 of British Standard 476 have been carried out by the Warrington Research Centre, on a normal system of Brolac Vinyl Multicolour (a water-based fleck paint) applied over a base coat of Brolac P.E.P. Emulsion to a non-combustible surface.

The maker, Berger Paints, Freshwater Road, Dagenham, Essex RM8 1RU, says that the tests gave results well within a Class O performance (appropriate for the circulation spaces and protected shafts of all large residential, industrial and institutional buildings).

Timber door resists fire

A BRITISH-MADE timber door with a fire resistance of up to 72 minutes has been developed by Walter Lawrence Joinery, of Sawbridgeworth, Hertfordshire.

It is one of a new line of flush doors developed by the company which have been undergoing fire tests at the Timber Research and Development Association Laboratories at High Wycombe, Buckinghamshire.

The doors come in single and double doorsets and glazed openings are also available.

● HANDLING

Designed to move big containers

TO MEET changing requirements in materials handling, particularly for container, railway freightliner and steel stockyard operations, Rubery Owen has introduced the "Karrilift."

Based on experience gained with Karricon and Travelift equipment, operating in 20 countries, the new straddle-carrier, which basically costs around £45,000, is being made in a range from 30 feet-50 feet in width in 5 feet steps to suit specific requirements. The largest is able to span five rows of three-high ISO containers, or a 50 feet section of railways. The Karrilift, despite its large dimensions, is remarkably easy to control and manoeuvre.

Power to the four wheels is provided by hydrostatic drive, and a combination of hydrostatic and disc braking gives quick emergency stopping with no uncontrolled inertial swaying of machine or load. The driving cab, mounted at the top of one of the pillars, gives adequate viewing of operations, and sophisticated controls, allied to fail safe devices, make driving easy and without fatigue.

One of the many features of this flexible machine is its ability to operate over uneven ground, an important point particularly in stockyards. Both hoists are always under complete control when raising or lowering up to 30-ton containers and there is automatic compensation to cope with variations in centres of gravity due to unequal weight distribution. Manoeuvrability is excellent, with ability to pivot on one wheel.

The first machine has been bought by Sea Containers Inc. which has a worldwide leasing agreement with Rubery Owen, and SCI has an option on two more. Firm enquiries for a further seven have been made by U.K. container companies.

Since Rubery Owen entered the container handling field in 1965 it has grown to be one of the largest suppliers in Europe, with an estimated more than a third of the world market outside the U.S. and Japanese domestic markets. Sales of Karricon, for instance, are up by 30 per cent. this year.

PETER CARTWRIGHT

● PERIPHERALS

Disc-making in Welsh centre

CONTROL Data and the Department of Trade and Industry have announced completion of negotiations to acquire the former RCA Magnetic Products factory at Brynmawr which will be re-opened for the manufacture of disc-packs for computers and similar products for the British and European markets.

Control Data is a wholly owned subsidiary of Control Data Corporation of the U.S. the world's largest supplier of ancillary and peripheral equipment for data processing systems apart from IBM. At present the British and European markets, of which Control Data has a major share, are supplied by the export of disc-packs from the U.S. although other products are manufactured in the U.K. and on the Continent.

The Brynmawr project, which will take advantage of the specialised environmental facilities of the factory, is intended to meet the needs of the European market for the company's existing range of disc-packs.

As important from the viewpoint of Britain's technological future is the decision to make Brynmawr the centre for the development of new memory devices for world-wide distribution by Control Data Corporation. Once established, the Brynmawr plant will make a contribution to import savings in the U.K. to exports and to new technologies in the field of computer systems.

The earlier stages of the project will require a work-force of about 300 (the majority of which will be men) and job opportunities will be provided for a wide range of skills. The location gives ample room for future expansion.

Two models from Rank

REMOVABLE disc storage systems RXD 71 and 72 are announced by Rank Xerox. They offer rapid access mass storage with lower cost per byte and high reliability.

The control unit for the mass storage devices is able to handle from one to eight spindles providing up to a total of 393,216,000 bytes of storage. Implemented in the controller is a 4-byte wide data path to minimise input-output interference with memory.

Both models have an average head positioning time of 29.0ms and an average rotational latency time of 12.6ms. Once reading or writing is initiated, data is transferred at an instantaneous rate of 312,500 bytes/second.

Each model has a capacity of 49,152,000 bytes of storage and uses 11-high disc packs. In the model RXD-72 mass storage unit, a single spindle device pooling feature is implemented to provide dual access from two model RXD-70 controllers. This allows the user simultaneous read/read, write/write or read/write on two spindles in a set of two to eight model RXD-72 removable disc storage units.

● INSTRUMENTS

Long range temperature monitoring

FOR NON-CONTACT temperature monitoring, an instrument has been introduced which has an overall range from −100 to +3000 deg. C. Although low temperatures are difficult to measure because of low energy levels, this instrument is stated to be accurate to 0.05 deg. C at 23 deg. C.

Target size is small—1cm at 1 metre. A high intensity light beam may be used to illuminate the target area enabling small areas to be identified at 10 metres or more, a useful aid in hazardous conditions.

There are five standard temperature scales from −100 to +400 deg. C, a further four voltage ranges which are calibrated to requirements over the whole range, and three optional ranges for use with special filters, that is, one range for transparent plastic, one for glass, and one for infra-red measurements.

Other facilities include digital and analogue display, BCD output for telemetry or data processing, two built-in calibration sources, battery or mains operation, a response time of 0.1 second (minimum), and a setpoint (relay output) continuously variable in a selected range. The amplifier unit, although bench mounted, is a standard 19 inch for rack mounting.

There are two models available, a general purpose version at £3,500 and a long range version with a target size ratio of 200:1 at £4,500. The maker is Guest International, Redlands, Coulsdon, Surrey CR3 2HT.

● COMMUNICATION

Keeping in touch

A "HANDS FREE" loud-to-loud intercom system is now available from Blick National Systems. Known as the ST.1000, it is the latest development in the Norwegian-made Stentofon range, for which Blick is sole agent in the U.K.

It is an electronically controlled system for up to 24 subscribers, and can be extended by connecting one additional exchange. Unlike other systems, the speech button need not be held down during conversation and the speech direction can be controlled by both subscribers.

Every master station has its own volume control and additional facilities provide for group or common calling, with reply or public address to workshops, store-rooms, etc., by any subscriber and priority for any individual masters.

The complete system can be supplied on either outright purchase or rental terms, inclusive of maintenance. Details are available from Blick National Systems, Albion House, Benjamin Street, London EC1M 5QJ.

● TRANSPORT

Warns when reversing

TO PROVIDE a fully comprehensive warning system for its transport fleet, CAV, a Lucas company, has converted some of its vehicles in the 5-8 ton range to incorporate special rear light clusters, flashing side lights and an illuminated reversing sign which flashes in conjunction with a warning buzzer.

Each rear light cluster, located at the rear corner of the vehicle and carried on a yellow panel running the width of the body, incorporates flasher, stop, reversing and illuminating lamps. Between the clusters, mounted centrally at the rear is a lettered "Reverse" sign which flashes when reverse gear is engaged. At the same time a warning buzzer is operated and is synchronised with the "Reverse" sign.

In addition to the rear lights, each vehicle is fitted with side marker lights synchronised with the front and rear indicators.

As a result of the CAV experiment, the Lucas Group is planning to convert its heavy fleet of rigid and articulated vehicles to the system.

● PRODUCTS

Tests the vibration tester

TO TEST vibration transducers, which are used, for example, to monitor wear in turbine bearings, Environmental Equipments, Eastheath Avenue, Wokingham, Berks RG11 2PP, has developed a complete vibration testing system.

Known as the 18Kp it consists of a tuneable power oscillator with G-meter and permanent magnet vibrator with integral accelerometer and a trunnion allowing vertical and horizontal operation. The vibrator has a thrust of 18Kp (40 lb.) force and a frequency range from 3 Hz to 5 kHz. It can also be used to test vibrate electronic components.

The system has an optical target which provides a fundamental calibration method of establishing a 10 "g"-pk acceleration level.

Desk and pocket calculators

ADVANCE ELECTRONICS of Raynham Road, Bishops Stortford, Herts., is to introduce six new calculators. Two of these, the Advance 88 and Advance 80 are hand held units; the other four are desk machines.

The Advance 88 is stated to be a full 16-digit floating point unit with two accumulating memories and automatic square root key. It will operate for several hours on built-in rechargeable batteries and has a recommended price of £115.

The Advance 80 incorporates a percentage feature enabling mark-up and discount calculations to be performed without re-entry of data or the need for preliminary calculation. Answers are displayed to eight significant digits with fully floating decimal point. The user may optionally fix the decimal point to display answers "rounded off" at two decimal places.

This calculator may be used on internal dry batteries or operated on an optional mains adaptor which doubles as a desk plinth. Recommended price is £57.50.

The remaining four (Advance 160) calculators each have simple key operations for both arithmetic and per cent. functions. Prices range from £115 to £175.

Building and Civil Engineering

£20m. sinter plants for British Steel

LURGI (U.K.), a subsidiary of Lurgi Frankfurt, is to build two major sinter plants for the British Steel Corporation at a capital cost of more than £20m.

With the exception of a very few special items, all of the equipment for the plants—each of which will be capable of producing over 70,000 tonnes per week—will be of U.K. manufacture.

The plants will be erected at the General Steels Division's new complex at Redcar, Teesside, and at the Port Talbot works of the Strip Mills Division. They will be equipped with electrostatic precipitators, of Lurgi design to meet the requirements of the Alkali Inspectorate.

Claimed to be the biggest such plants to be constructed in the U.K., they are expected to be in production early in 1975.

Since the formation of the company in London some 10 years ago, Lurgi (U.K.) is now a fully established engineering company building process plants based on technology developed by the parent company in Frankfurt.

The company has an order book in excess of £30m. and has participated with many British companies in export contracts.

Homes in Liverpool

THREE HOUSING contracts in Liverpool, together worth more than £5.5m. and providing accommodation for 3,143 people, have been awarded to George Wimpey and Co.

All the dwellings are two- or three-storey and will be constructed using the Wimpey no-fines technique.

The company has won other housing contracts valued at over £3.5m. for the Harlow Development Corporation, at Woodgate Valley for the City of Birmingham and at Nairn for the Scottish Special Housing Association.

Guildford housing

LLEWELLYN HOMES has won a contract worth just under £2.5m. to provide homes for over 1,300 people in Guildford's largest housing project within the last decade.

Guildford Borough Council, after a first stage competitive tender in March, negotiated a final scheme using Llewellyn's Quikbild construction on three sites. Consulting engineers on the scheme are Archibald Shaw and Partners.

Town centre at Irvine

SIR ROBERT McAlpine and Sons has begun work on the £5.1m. first phase of the Irvine New Town Centre in Ayrshire for Ravenseft Properties.

The contract calls for the construction of a 58-unit shopping centre and a three-storey office block on the east bank of the River Irvine as well as a five-storey office building on the west bank.

The shopping centre will be sited on a new river bridge following demolition of the existing bridge, and completion of the scheme is scheduled for mid-1975.

Costain in Irish link

A JOINT venture in the Republic of Ireland between Richard Costain and the Rohan Group of Dublin has been set up with a 50 per cent. holding by each company.

Rohan-Costain Construction, as the new company is known, will specialise in the building of multi-storey structures and industrial developments where the extensive experience of Costain combined with the local knowledge and resources of the Rohan Group can be used to maximum advantage.

The Rohan Group, through its subsidiary Sitecast (Ireland), has become the leading industrial builder in the Republic.

Paint plant for British Leyland

CARRIER ENGINEERING, a member of the Haden Carrier Group, is to instal a £5.5m. paint plant at Solihull, Warwickshire, for British Leyland's Specialist Car Division.

The plant, designed to process a projected new model at a rate of 50 bodies an hour, will be housed in a special three-floor building. The ground floor will accommodate body storage and mechanical services, the first floor the paint shop proper with process areas and spray booths, and the second floor the ovens.

As principal contractors, Carrier is responsible for all equipment and services within the building.

The Borough of Maidstone's scheme for a new trunk sewer to cater for increased population is utilising Rocla large diameter prestressed concrete pipes throughout its 1,100m. length. Work on the project, between Mill Meadow and Allington Pumping Station, started at the end of June and to date about 350m. of pipes have been laid. Main contractors are Robert Savill.

In brief

A £1.1m. refuse incinerator is being built for Sheffield City Council by Tarmac Construction; it will recover waste heat for use in existing and future residential blocks of flats in the city. Tarmac has also won a £241,000 contract from Redpath Dorman Long (Contractors) for reinforced concrete foundations at the British Steel Corporation's works at Rotherham, Yorks.

TWO MAJOR council house upgrading contracts—with a combined value of £1m.—have gone to Holland Hannen and Cubitts (Scotland). One is for the Burgh of Dalkeith and the other for the Burgh of Bo'ness. Cubitts is also to build £883,000 worth of houses for the Jephson Second Housing Association at Chippenham, Wilts.

GEE WALKER and Slater is to erect a £1.4m. office block at Aylesbury, Bucks, for the Equitable Life Assurance Society. To be octagonal in shape on three floors, the building should be ready towards the end of 1975.

CONSTRUCTION OF an industrial unit for Yorkshire Chemicals at Kirkstall Road, Leeds, is to be undertaken at a cost of £650,000 by Higgs and Hill Northern. The building will contain plant and machinery for the manufacture of dyestuffs and dye powders.

MOWLEM HAS won three roadwork contracts in the City of London and the London Boroughs of Hillingdon and Havering with a total value of £396,000. The first contract is Stage Two of the improvements at the junction of London Wall and Aldersgate Street.

More Oman work for Taywood

THE SULTANATE of Oman has awarded Taylor Woodrow International a £930,000 contract for the provision of buildings and services required for the new £3m. harbour recently completed by the company at Risut.

The facilities, for which the consultants are Gibb, Petermuller and Partners of Athens, are due for completion by the end of January, 1974, and include a water supply pipeline, reinforced concrete reservoirs and barracks for workers and security forces.

In a joint venture with W. J. Towell and Company, Taylor Woodrow is carrying out a £340,000 contract for the design and construction of a three-storey complex of offices, shops and supermarket for W. J. Towell at Muscat, Oman's capital.

Under a package deal including design, construction and supply of equipment, the company is also providing an abattoir at Salalah for the Sultanate which should be ready by the end of November.

The project is designed for a throughput of 25 cattle and 10 sheep per day, with provision for future extensions to increase this by 200 per cent. Facilities for the chilling and storage of carcases for local consumption and shipment to other parts of Oman and the Arabian Gulf are incorporated.

Last week it was announced that Taylor Woodrow was to play a major role in a £20m. development of a new town containing more than 1,000 homes at Qur'm, near Muscat.

CONSTRUCTION OVERSEAS

Wimpey expands in Middle East

WHEN George Wimpey began a dam project in Brazil, the exchange rate was 240 cruzeiros to the pound sterling. By the time the job had been completed, the pound was worth no less than 6,800 cruzeiros.

This inflationary tale is a good indication of the risky nature of big civil engineering contracts undertaken by U.K. construction companies overseas. Political as well as financial stability is also a vital factor in deciding whether to tender for a large scheme abroad.

Overseas work by Wimpey began in earnest after the last war when the company opened offices in Cairo, Baghdad and Singapore with the prime aim of securing business from the oil companies, although local construction work was also carried out where available. These areas have since declined, largely for political reasons.

Now, more than one-fifth of the company's £242m. turnover represents foreign contracts and Wimpey is currently at work in more than 20 countries, having worked in over 60 at different times.

Tight control

Because the percentage return on such activity is generally lower than on home contracts, tight control is maintained by the head office in Hammersmith, London. For example, housebuilding in Canada, Australia and South Africa—Wimpey has permanent offices in all three countries—is the responsibility of one of the senior directors of U.K. housebuilding. Similarly, with civil engineering.

Another major reason for centralised management is the often acute problem of staffing. Other factors apart, it is obviously pointless tendering for a job which requires many U.K. personnel if the manpower is not available.

On the financial side, Wimpey reviews the labour, staffing and plant costs of every overseas (and home) contract once a week, and every month a complete costing including materials is made.

The company's general overseas philosophy is to maintain a profile of all types of work, thus ensuring continuity. Wimpey's biggest contracts tend to be overseas, but housing, which accounts for 50 per cent. of turnover, is the bread and butter background to foreign involvement.

Most countries possess a building industry, however unsophisticated, but many developing countries have a severely limited civil engineering capacity, which helps explain the company's heavy involvement in the Middle East.

However, a good local agent to provide information about a country's habits and regulations and to liaise with the Government and business is essential, since most developing nations are anxious to involve their own construction industries in any project to the maximum extent.

In Bahrain, where Wimpey has enjoyed a continuous stream of work, more than 20 local subcontractors were employed on building the new capital, Isa Town, although not one of them could have planned the overall scheme.

Joint ventures, unless both or all the parties enjoy good relations and bring together complementary expertise, are—Wimpey believes—an inefficient way of going about a project. Nevertheless, the company has done a considerable amount of successful joint venture work, both with other U.K. and foreign companies.

In Saudi Arabia, a joint company with John Laing completed work to the value of £30m. last year and is at present working on part of that country's big defence programme. Further contracts are anticipated as a result of the recent Saudi agreement with the British Aircraft Corporation.

It goes without saying that this arrangement does not preclude solely Wimpey projects in Saudi Arabia, nor fierce competition with John Laing in other parts of the world.

Marine work

There is also a long-standing co-operation in marine work—Wimpey has more than £4m. tied up in marine craft—with the U.S. company, Brown and Root, mostly in connection with pipelines and platforms from the North Sea to the Arabian Gulf.

As regards the EEC, Wimpey feels that the chief effect of British entry on the construction industry will be to increase joint ventures with European companies outside the Common Market. Even so, Wimpey has recently formed a company in France which, to begin with, will specialise in private housebuilding.

It is interesting to note in the company's 1972 annual report (pretax profits up to £14.28m. from £8.89m. in 1971) that "materials and equipment were exported for the purpose of carrying out construction work overseas which was valued at £52m."

The export element of overseas contracts is important in getting cover from the Export Credit Guarantee Department, and therefore in encouraging banks to grant the developing country a loan for the project.

Wimpey considers it good if 60 per cent. of a contract is exported, with 85-90 per cent. of that amount covered by the ECGD, but the company insists that the local content must be paid as incurred. A Eurodollar loan might in certain cases be arranged to help some countries over this hurdle.

The overseas outlook is good, particularly in Canada and the Arabian Gulf, and Wimpey expects to complete considerably more work in the next 12 months than in the previous year.

JOHN DARLINGTON

Lessens the risk of skids

THE GERRARDS Cross by-pass opened last Friday is the first major road to incorporate throughout its length a new built-in safe surface texture developed at the Cement and Concrete Association's research station at Wexham Springs.

The £5.5m. by-pass completes the London end of the London-Oxford motorway as far as the Bucks-Oxfordshire border, providing a dual three-lane motorway from the end of Western Avenue at Denham.

The skidding-resistant grooved surface finish of the carriageways was formed in the fresh concrete by the first production model of the plastic-concrete grooving machine developed by the CCA and manufactured under licence by Errut Products.

In order to provide the necessary skidding resistance throughout the normal range of driving speeds, the road surface must incorporate two different types of texture: a fine but harsh "sandpaper" texture for resistance to skidding at lower speeds and a deep texture with good drainage to ensure that at higher speeds, maximum tyre-to-road contact is maintained in wet weather.

Second Iraq contract to BSP

THE STATE Contracting and Construction Company of Iraq has awarded a second contract worth about £300,000 to BSP International Foundations, a member of the Edward Le Bas group.

The contract is for the supply of two further vibro plants, double acting air hammers, heavy and medium duty pile extractors, drilling tools, rock breaking attachments and a stock of spare parts for five years' operation. All this equipment will be shipped from the company's Claydon factory and will be operating in Iraq early in 1974.

This order is a follow-up to the initial £300,000 contract for drilling equipment and ancillary plant announced two months ago.

Engineers in French tie-up

THE BYLANDER WADDELL Partnership, consulting engineers, have formed a working partnership with French consulting engineers SEBA to provide comprehensive consultancy services to British industrialists and developers investing in France.

The new partnership will practise under the name Bylander SEBA with offices at 28 Rue Edouard Vaillant, 92300 Levallois-Perret.

SEBA, which have offices in Paris, Nancy, Rennes and Lille, customarily include environmental services, engineering, contract planning and programming as part of their consultancy appointment, and maintain a staff of 150 engineers and technicians.

This French partnership is very much in line with other recent international moves made by BWP; they have already formed a similar relationship with W. E. Meinhardt and Partners to offer comprehensive consultancy services in Australia and the Far East, and have also established a joint office in Singapore (The Bylander Meinhardt Partnership).

Press wins over £2m. orders

WORK AT the new town of Peterlee to the tune of £2.3m. is to be carried out by William Press and Son. It involves the construction of 180 homes, a multi-storey office block, a departmental store and a cinema.

The housing is Phase Two of a development for the Peterlee Development Corporation and Press is currently working on the 174 houses of Phase One.

The £800,000 office building is being constructed for the Development Corporation and the £500,000 departmental store and cinema is for Teesland Investment.

Cartridge operated tools

THE NATIONAL Federation of Building Trades Employers has called on its 14,000 member companies to pay particular attention to the safety precautions covering the use of cartridge-operated tools.

The NFBTE points out that the tools, which are used in operations requiring the fixing of one material to another by nails or rivets can be extremely dangerous in unskilled hands. The scale and urgency of the building programme has led to an upsurge in their use.

In the light of the numbers of children who are tempted to play in and around construction sites during the holiday period, the NFBTE stresses the security aspect and suggests that care is taken to lock up both cartridge tools and cartridges when not in use.

Detailed guidance to companies and operatives on the correct and safe operation of these tools is given in the industry's good practice manual, "Construction Safety."

Plastic houses

A MODULAR glass fibre-reinforced plastics (grp) building developed and patented by a South African company could have many applications in the U.K.

The building, called the Anchorlite Habitat, is the idea of Anchorlite Products of Pinetown, Natal. The glass fibre modules from which it is constructed are moulded with polyester resin supplied by British Industrial Plastics (SA), whose associate company BIP Chemical (Turner and Newall) of Oldbury, Worcs, will forward U.K. inquiries.

The Anchorlite Habitat is basically an 8 foot cube consisting of an 8 foot by 8 foot base frame into which similar sized wall panels are slotted. With the aid of a connector, several cubes can be assembled together to form a building of any desired size.

While normally employed to provide an open-plan style of accommodation, privacy can be achieved by hanging curtains or folding doors in the full-size aperture of the connector piece.

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Profits and efficiency

THE crucial issue for Stage Three of the Government's anti-inflation policy is likely to be thrashed out not in the pay talks with the TUC which started last week, but in the decisions yet to be made on price controls. This is clear both on political and economic grounds. Politically, the Government has been severely embarrassed this summer by the operation of the price code in Phase Two, and will want urgently to convince both voters and shop-floor workers that in future, prices will be more effectively restrained. This will be vital if, as seems likely, the next stage has to be sold to the public over the protesting heads of the union leaders, for a public which proved unexpectedly willing to accept the pay side of Phase Two as fair and acceptable is clearly dissatisfied with the price performance. For these needs, controls which look tougher, and stabler import prices, would suffice.

Existing rules

Economically, the issue is far less clear cut. The Phase Two rules have not at this point done anything to check the very large increase in profits which was to be expected as industry brought idle capacity back into use; but the existing rules on profit margins suggest that this could be the occasion for a future effort to roll back prices. Far more important, any future improvement in profits resulting from the installation of new and more efficient plant — on which future growth largely depends—would equally be the occasion for a roll-back, and this fear could inhibit the large productive investment now planned by industry.

The need, then, is for a code which will be more effective in checking prices, yet one which allows improved efficiency its reward—a code, in short, which will be tougher in general, but allow more flexibility on margins. Industry also wants parallel treatment for pay—severe restraint in general, but coupled with greater scope for rewarding improved work practices in productivity bargains at plant level.

American experience suggests one condition on which this greater flexibility could be allowed: that profits and pay earned by greater efficiency should not be penalised as long as prices are kept stable (for by definition an investment or a pay deal aimed at improved efficiency cannot be grounds for a price increase). The case for rewarding efficiency is obvious; so are the dangers. Experience shows all too many examples of pay deals — and investments — which are aimed at increased efficiency, but fail to deliver.

Retail margins

The corollary, then, of any relaxation of margin controls or pay provisions must be some tightening up of the other provisions of the code; and those which most readily suggest themselves are the allowance for price increases to allow for low profits or loss, and those required to finance investment.

Attention should also be given to the rules governing retail margins. The freezing of gross percentage margins has proved an ill-conceived notion at a time of rising import costs: unit prices have risen far faster than operating costs, so that rising prices have had a geared-up effect on retail profitability. Some approach based on cash margins, adjusted for some costs, seems required. This again would leave efficiency its due reward.

This whole approach of allowing more scope for enterprise and efficiency in a generally tighter environment can only be adopted, of course, on one further condition: continued restraint on general pay increases. Indeed, the more effective the price controls are made, the greater the need for restraint: for although it is to be hoped that greater incentives will call forth higher output, it must be remembered that price restraint is the most effective way of protecting real incomes. Since the scope for any rise in real consumption next year is very limited, even on the most optimistic assumptions, any toughening of policy must apply to pay as well as prices.

Saudi Arabia's oil policy

IT HAS been evident for some time now that Saudi Arabia has been a power behind the scenes in the Arab world. The latest news from the Middle East concerning Arab oil production and relations with the Western oil companies seems to suggest that King Feisal has decided to modify his customary oblique policies and exercise some positive and more open leadership.

It has still to be confirmed that Saudi Arabia has elected to limit future production from its oil fields to a ten per cent. increase a year from current levels. But the mere fact that very strong rumours to this effect have emanated from Riyadh is significant because the Saudi rarely permit dissemination of any form of speculation unless it is officially inspired.

Secret visit

At the same time, in a flurry of diplomatic activity, it has been revealed that President Sadat of Egypt paid a secret visit to King Feisal last week, and that President Khedaffi of Libya and his Prime Minister hastened unannounced to Cairo over the week-end to voice considerable pessimism over the prospects for the imminent Libyan-Egyptian merger.

In President Khedaffi's absence, the next move over Libya's demand for immediate 51 per cent. nationalisation of the major Western oil companies remains unclear. The apparent Saturday deadline for the response of the companies has lapsed though President Khedaffi may have more to say about the matter this week.

Saudi Arabia's discontent with President Khedaffi is well known. His sometimes erratic and revolutionary policies have disturbed the conservative Saudis: his apparent bid of rivals for supremacy of the Muslim world has been offensive to the state which is guardian of the Muslim faith. Moreover, although principally concerned in the early days of its immense oil wealth with internal development, Saudi Arabia has come to realise the value of oil as a political lever in the overall Middle East problem.

In this sense, of course, the Saudis are only following Libya's lead, but, in so doing, they are causing an inevitable confrontation of Arab ideologies. For Saudi Arabia, having quietly underwritten innumerable Arab causes in the last decade, now seems ready to insist that if it stakes its oil and its money it wants a principal role in deciding to what uses it is put.

If it is confirmed that Saudi Arabia is prepared to limit oil production, thus principally affecting the United States, then it will be considered a significant gesture in Arab eyes, because Saudi Arabia has done nothing of the sort before. On the other hand, President Khedaffi's current pressure on the oil companies is seen by many Arabs as an attempt to restore the prestige that was so badly battered by his handling of the as yet unconsummated merger with Egypt.

The Saudi action would be mild compared with that attempted by Libya, but, paradoxically, it could have a far greater impact on the Arab world. It will probably go virtually unnoticed that curbing oil output will not harm Saudi Arabia, which at the moment actually cannot spend on development projects anything like all its oil revenues.

Feisal's record

The preliminary signs are that President Sadat, keen to exert concerted Arab oil pressure on the United States in an attempt to influence U.S. Middle Eastern policy, is more prepared to go along with the Saudis than with Libya. It is also likely that the Western world will feel more encouraged at the prospects of Saudi eminence, for the record of King Feisal's commercial dealings with Europe and particularly America to date has not been fraught with traumas.

Then and now: the IRA 1939 campaign in England

BY JOHN GRAHAM

"THE GOVERNMENT of the Irish Republic believe that a period of four days is sufficient notice for your Government to signify its intentions in the matter of the military evacuation and for the issue of your Declaration of Abdication in respect of our country. Our Government reserve the right of appropriate action without further notice if upon the expiration of this period of grace, these conditions remain unfulfilled." Thus Oglaigh na h'Eireann (Irish Republican Army), from GHQ, Dublin, on January 12, 1939, to His Excellency The Rt. Hon. Viscount Halifax, Foreign Secretary of the British Government.

This was the formal ultimatum heralding the start of the IRA's most intense war against Britain in England, the campaign of 1939-1940. The IRA's demand is familiar: withdrawal of the British Army and of civilian representatives from all parts of Ireland; and renunciation of the claim that Northern Ireland is part of the United Kingdom. There is no evidence that Lord Halifax or Scotland Yard took the ultimatum very seriously; indeed, few people did.

Tightening of security

January 12 that year was a Thursday, and precisely four days later, on Monday, January 16, there were seven explosions on electrical lines and at power stations in England—Scotland and Wales were exempt from the campaign, being "Celtic" countries. The explosions were in London (2), Manchester (3), Birmingham and Alnwick. Next day there were more explosions, and the IRA's proclamation began to be regarded more thoughtfully. Security was tightened, police patrols strengthened, ships and passengers arriving at Holyhead, Liverpool and Fishguard closely examined, and 33 men arrested "on suspicion." It is likely, though unrecorded, that most of them had brogues.

For nearly three weeks nothing else happened, and a natural optimism that the campaign had been a one-shot affair took root. But on February 4 large bombs exploded in the underground stations at Tottenham Court Road and Leicester Square: they were standard timebombs left in suitcases in left luggage lockers. That night brought more bombs in London and fires in Coventry, and the Government released an operations plan found on a suspect.

There was little doubt now that the campaign was real, though its purposes, methods and likely results were unclear. No one could understand what the Irish wanted, or even who the "Government of Ireland" was, and the Times described the ultimatum as ridiculous and the IRA as beneath contempt. Dr. Bell—from whose history of the IRA this account is widely drawn—comments: "The Government still had the responsibility of preventing a wild bombing spree. For police and public nothing is more unnerving than a mad bomber, and suddenly Britain seemed filled with mad Celts carrying bombs."

March 29 brought two explosions at Hammersmith Bridge, March 30 in Birmingham, Liverpool and Coventry, March 31 seven more in London. Tear gas bombs were thrown in two Liverpool cinemas a month later, and on May 19 delayed-action incendiary devices (as in London last week) started fires in eight hotels. Letter bombs made their appearance in June, though the targets were material, not personal, being directed at the postal service. Twenty pillar boxes burst into flames, a mail van exploded, and a sorting office in London was bombed.

The midsummer madness continued. Piccadilly Circus was full of cinema and theatre-goers on the evening of Saturday, June 24, when the IRA blew up the Midland Bank, Lloyds Bank, and the Westminster Bank. "The entire area was shaken by the detonations. The front of the Midland Bank was thrown out into the street. The area was filled with smoke and dashing crowds. Even Madame Tussaud's Wax Works was hit when a balloon bomb exploded in the Chamber of Horrors. Henry VIII was ruined, and the Red Riding Hood Tableau saved only because the bomb in the Wolf's bed was a dud.

The controls tightened

The police had little success. They may have become proficient at distinguishing the accents of Cork, Wexford and Portadown, and some suspects went down for ten or 20 years, but it was obvious to all that men and materials were still slipping into England without great difficulty. In the first six months of the campaign there were 127 "terrorist outrages," killing one person and injuring 55. That more had not been killed was, as in Northern Ireland in the past four years, due largely to chance.

On July 24 the Government moved. Sir Samuel Hoare (Home Secretary) introduced the Prevention of Violence Bill, authorising tight control of immigration, the right of deportation, the registration of all Irish living in Britain, and less founded detention of suspects. The Labour Party agreed, somewhat reluctantly, that the IRA itself accelerated the legislative process. Five people were injured on July 26 in the cloakroom of Victoria station, and a man died after losing both his legs at King's Cross. On July 27 there were three huge explosions in Liverpool, toppling a bridge into a canal and completely wrecking the front of the post office in the centre of the city. Within 48 hours the Prevention of Violence Bill had been given its Third Reading in the House of Lords.

This marked the beginning of the end. The deportations began before a week was out, and De Valera's Government in Dublin was also applying pressure on the IRA. Special courts were set up to deal with terrorist offences, and finally a Military Tribunal. The IRA campaign, of course, went on, and reached its terrible peak on August 25 in Coventry, with one of the most famous terrorist episodes in British 20th century history.

An operation had been planned for mid-afternoon. The bomb was made and delivered to the last man in the chain, the "planter," pre-fused. He set off on his mission, the bomb concealed in the carrier-basket of his bicycle. It is now believed that he did not reach his ordered destination. The density of traffic delayed him, and in some alarm he finally abandoned his bike against a wall in the Broadgate. The blast killed five people instantly, and injured 60 others.

According to Dr. Bell: "The police went through every Irish home in Coventry. Inside Dartmoor Prison British convicts attacked IRA prisoners, badly injuring several. Although the carrier bike man was in Ireland within the day, still badly shaken by the disaster, the police early in September did manage to pick up members of the Coventry IRA unit." Two of these, Peter Barnes and James McCormack, were sentenced to death on December 14, and hanged on February 7, 1940. Their sentencing was greeted with attacks on the postal service for several days; their hanging with a day of national mourning in Ireland. The bike man is reliably reported to be still alive in Dublin.

After Coventry, the campaign ceased to have much effect. It dragged on for some months, tapering off in the first half of 1940, and the net gain to the IRA and to the republican ideal was approximately nil. There had earlier been dissension within the IRA over whether an English campaign was a good idea or not, and the early 1940s marked the final collapse of the old IRA. The movement was wracked by every possible internal trouble, the candle of revolution guttering beneath the cold winds of coercion and failure. Factions, conspiracies, courts martial, became the order of the day, and it was 16 years before the next effort could be made, this time within Ireland.

"The police had little success . . . men and materials were still slipping into England without great difficulty. In the first six months of the campaign, there were 127 'terrorist outrages', killing one person and injuring 55. That more had not been killed . . . was due largely to chance".

Historical browse

If the incendiary devices, letter bombs and parcel bombs set off in London this month are the start of another English campaign by the IRA — and they surely look like it—a historical browse may be illuminating. The long struggle against De Valera in the 1930s had left the IRA with few experienced men; there was no shortage of volunteers to attack the old enemy, of course,—just as there isn't now, but these volunteers were unskilled and there was a high failure and accident rate in the setting of explosions (as now).

England, and especially London, has always provided "safe houses" for IRA men, but this is not quite as easy as it sounds. Firstly, Irishmen not only declare themselves when they open their mouths, but many are known to, and watched by, the police. In 1939 the IRA planned mostly to use "innocent" houses, hopeful that the wary landlady would remain ignorant of the fact that the lad upstairs was making bombs under the bed. But active-service people sent over from Ireland are more suspect than others because they are likely to have no regular employment.

The Government of the day had one advantage last time which Mr. Heath does not have. The outbreak of the war with Germany not only made the English campaign more than usually unpopular with De Valera—who was determined to maintain Irish neutrality—but doubly hateful to people in England. Information was thus more plentiful than it might have been, especially after Coventry. Indeed, the pressure on the IRA intensified markedly after this episode, which seems to have had the same horrifying effect and to have produced the same counter-terrorist outrage as Belfast's Bloody Friday in July last year.

But what of the methods and purposes of a bombing campaign? The methods vary much more than they used to, because of the development of explosives and delivery systems. The materials are safer than they were, and construction of small bombs generally an easier business. Every bomb discovered in England in the last ten days could have been made by one man on his own. Incidentally, it has always surprised specialists in these matters that *plastique* — the Algerians' weapon in Paris—has not made its appearance yet. There are no commercial uses of plastique, and hence no commercial source, but the stuff can presumably be got on the Continent or in the Middle East.

As to the purposes, these cannot be known until the authors are known, but there are two main objectives of a bombing campaign: terror and sabotage. The 1939 campaign was a bit of both, the last four years in Northern Ireland have been mostly plain terror. If sabotage is the aim, one would expect attacks on power lines and stations, transportation networks, factories, and so on. Assassination, specific ... random, seems to be the m... obvious weapon of a terror... campaign.

Thus an attack on the post... service would be an act ... sabotage; an attack throu... the postal service an act ... terror, though it could have ... by-product of sabotage if ... made people afraid to use t... service.

The IRA has traditionally ... both weapons, though ... important difference ... between the Officials and ... Provisionals. The Officia... believe in sabotage, in attacki... the symbols and vehicles of ... hated régime. Thus custo... posts, Government buildings ... all sorts, policemen, politicia... are legitimate targets. The P... visionals place their empha... on terror, and therefore atta... shops, market-places, pubs ... so forth, with high civilian ... "innocent" deaths as a res... Protestant bombs in North... Ireland have been of both typ... the blowing up of reservoirs ... 1969 to get rid of Terence O'Neill (sabotage), and ... blowing up of Catholic pubs ... Belfast this year and last y... (terror).

One of two characters

The distinction should not ... considered hard and fast, ... the importance of symbol... ignored. The assassination ... Field Marshal Sir Henry Wil... in 1922 was a symbolic ... punitive act, not designed ... bring practical advantages. ... the assassinations planned ... well by Michael Collins ... November 21, 1920, in Dub... —the original Bloody Sunda... were designed to wipe out ... British intelligence network ... Dublin and intimidate suc... sors.

If the present work in L... don (and, since yesterday ... Washington, abroad) is the w... of the IRA, it is likely to h... one of two characters. Eithe... is a freelance operation ... men for whom violence is ... only way and desperation ... only driving force, or it is ... trally planned (as in 1939) ... the intention of collapsing ... will of the British people ... Government, leading to ... withdrawal from Ireland.

If the former, it is not p... tically serious. If the latter ... relies on Great Britain's ... showing the sturdiness of ... War years or of the people ... Belfast more recently. But w... ever the case, two relics fr... the last campaign cross ... mind: the ease with which ... terrorists continued to place ... plosives for several months, ... the provisions of the emerge... legislation brought in by Nev... Chamberlain's Government ... so swiftly passed, which ... mentioned above.

MEN AND MATTERS

The outsiders of Furness Withy

For a shipping company, Furness Withy has gathered an intriguing collection of individuals in its Boardroom. Sprinkled among the traditional shipping men are four merchant bankers (split between Hambros and Rea Brothers), Professor Roland Smith of the Institute of Technology at Manchester, and, since January this year, the new part-time chairman Lord Beeching. And now Paddy Naylor, a non-executive director at Bovis, is joining as well.

Unlike the other shipping outsiders, however, Naylor will be full-time, with an executive brief. Although Furness Withy would not elaborate on a simple statement of his appointment at the week-end, Naylor himself describes his job as "to look around for a few months, draw up some approach to the future, and then hopefully get in and do it." So it looks as though Beeching has now determined on pushing outside influence into the executive area as well as the Boardroom.

Naylor, 39, gained some experience of this sort of approach at Bovis. He went there from Plessey (where he had been executive assistant to Tom Hudson, now chairman of ICL) as one of the team of young professional managers who were to draw up a plan of action for the group and then put it into effect. His area of interest was the construction division, and although he gave up his executive function there about 18 months ago, he has remained part-time on the Bovis Board, unlike the rest of the team. The Bovis experiment, he says, was a good one, with some "ideas working and some, naturally, failing."

Naylor is an articulate and self-proclaimed ideas man, given to describing himself as a "philosopher, not an expert on anything." For the last year, in fact, he has taken the unusual step of going off to write three novels, one of them a "send-up of business."

But since he is said to be an extremely hard worker, he should have little time for writing over the next few months. Under Beeching, Furness Withy has made one diversification move into the oil rig business. At the same time the substantial merchant banking stake has, in the past, raised Stock Market speculation that there may be more expansion on the way.

In the meantime, shipping circles remember that Beeching's predecessor, the traditional shipping man John MacConochie, was both full-time chairman and effectively his own managing director. So while Naylor is conducting his research, Beeching will, presumably, be continuing his search for a chief executive.

Thoroughbred newcomer

Whatever the general state of the Lloyd's insurance market at the present time, the bloodstock insurance brokers, says Ian Lomax, have nothing to complain about. Lomax, "probably the only Lloyd's broker to have an agricultural degree," is managing director of Thoroughbred Insurance Brokers, part of the H. Clarkson group, which is in turn a subsidiary of Shipping Industrial Holdings. Thoroughbred is now setting up a new company based at Newbury to concentrate on the U.K. market among racehorse owners and farmers.

Behind the growth of the business is the escalation of bloodstock values in recent years. A Derby winner to-day is worth around £1m.; Secretariat, the American wonder-horse, is said to be insured for $6.8m. At the same time, the other branch of Thoroughbred's business — farm livestock — is expanding as well, as factory farming methods increase the risk of disease.

So with the rest of the Lloyd's market going through an unhappy spell, it is not surprising that Lomax, and the other big racehorse brokers like Hughes-Gibb, are facing increasing competition. But Lomax has two inbuilt advantages: before he returned to broking three years ago he was both a racehorse trainer and a farmer.

Farming, and the Irish Sea

What have investment management, publishing, Pembrokeshire farming, and the deep-sea oil drilling industry got to do with each other? There is a connection in the figure of James Rowlatt, the investment mind behind Parambe, one of those revamped Far East rubber companies: Parambe has just taken a 25 per cent. stake in Little Haven Farms of Pembrokeshire, which is in turn buying into oil rig servicing by the takeover of Celtic Offshore Services. Wearing other hats, however, Rowlatt is the man behind the investment outfit Portfolio Management; and the financial adviser backing Quartet, the new publishing house which aims to bring out its hardbacks simultaneously with softbacks in the same size.

The object of the Little Haven exercise, says Rowlatt, is the Irish Sea. There is considerable oil drilling activity already in the Irish sector; and, with Shell having just finished a well on the U.K. side, this area is now due for increasing activity up to 1976. "We want to extend Little Haven's investments down the line into the dock area," he says.

So Little Haven may now give stock market money a route into the Irish Sea oil business. But it will be interesting to see what Rowlatt does with the farm itself. The company was launched as a producer of oven-ready turkeys by Sir Julian Hodge's Gwent and West of England Enterprises ten years ago; since then it has had a chequered history, making pre-tax profits of £114,000 in the first year, dropping into losses of £2,000 in the next year and never fulfilling its early promise. For 1973, according to the directors, profits will be only £5,000.

But Little Haven has 500 acres of good farming land. This is not, says Rowlatt, "land on which to put up bases," or to build on, and "we are not enthusiastic about shell operations." Nor "shall we carry on producing turkeys for that much longer." What, I wonder, does that leave?

Moonstruck

How would you diagnose a twitch developed by a mad astronaut?

Answer: A Lunar tic.

Observer

Australia

FINANCIAL TIMES SURVEY

CONTENTS

BASIC STATISTICS

AREA:	2.97m. sq. miles
POPULATION:	13m.
GNP:	£29,828m.*
GNP per capita:	£2,290
FOREIGN TRADE (1972):	
Imports:	£2,230m.*
Exports:	£3,120m.*
Imports from U.K.:	£317.9m.
Exports to U.K.:	£283.4m.
FOREIGN TRADE (1973):	
Imports (to Apr.):	£780m.*
Exports (to Apr.):	£1,180m.*
Imports from U.K. (to June):	£193.5m.
Exports to U.K. (to June):	£185.7m.
RATE OF EXCHANGE:	
£1=$A1.74	

* From IMF figures.

Change for better or worse

By MICHAEL SOUTHERN, Australia Editor

Australia—like it or not—has waited a long time for change. In that waiting period, the country has grown more and more affluent in spite of the decline in authority and capacity of the Liberal-Country Party coalition that governed for 23 years. Last December, a Labour Government under Mr. Gough Whitlam was elected, and change of a kind began to sweep through the land at an unprecedented pace.

In his first ten months, Mr. Whitlam assailed the Australian society that the Liberal-Country Party saw built up over its 23 years. He has changed the direction of foreign policy in radical fashion. Economic mismanagement by the former government has given way to economic nationalism and policies of resource conservation which are in some areas questionable. Indeed, everything that was considered sacred by the former government has been anathema to the current occupants. The U.S.—far from being considered a senior partner to whom due regard and attention had to be paid — has been abused, and a new, allegedly equal, relationship established. Britain has not escaped the barbs of Mr. Whitlam's tongue either, and any sentiment that surrounded that relationship has gone.

Under the Whitlam rule, Australia has begun to search for a new role and a new identity. It is no longer a British country. It is Australia and will have its own National Anthem, its own flag and ultimately, though not necessarily in the political lifetime of Gough Whitlam, it will become a republic. Certainly the Queen is still loved and revered by many Australians — but not by as many as, say, three years ago and even the most ardent Royalists have to face the possibility of a republic.

Regional grouping

Whitlam in his capacity, as Foreign Minister, sees Australia as a part of Asia and the Pacific, and wants to develop this idea with a regional grouping of the Third World powers in which Australia will play a leading role. As was seen at the Ottawa Commonwealth Conference, Whitlam has already aligned the country with the African nations, with India, and with the small South Pacific countries and territories. Gone is the special relationship with Britain and America.

But if the changed stance overseas has been bewildering, just think what is happening within the country. This is no longer a society in which the mining companies, the farmers and business interests are given priorities. As was promised in the Labour manifesto before the election, the new emphasis is on making cities better places to live in, on redistributing wealth and resources so that the Aboriginals can become at least equal to the whites so that the poor are given a better deal and people on fixed incomes more State aid to ensure they can live a meaningful life. The emphasis of the last budget was on education, social welfare and the suburbs of Sydney and Melbourne. It is an important and welcome switch of emphasis.

Anyone who has been to the top of Australia Square in Sydney, or the new BHP House in Melbourne can, on a clear day, look around and see the suburbs of both cities sprawling for miles and miles in all directions. And in that panorama live more than half of the population of Australia. Suburban life has been scorned and ridiculed by many, but the fact has to be faced that Australians have chosen to live this way, and Whitlam has recognised the electoral advantage in making their lives meaningful and comfortable with better transport, sewerage and a cleaner environment. These are basic issues, but they are important in Mr. Whitlam's Australia.

In providing for these people, the Whitlam Government has tended to overlook the immediate needs of business and industry but the latter's turn will come. Some sections, such as mining, have received attention which frankly they wish they had not. The mining industry, which carried the country through the period of rural decline and transformed the economy from its rural base to a semi-industrial one, has been abused, seen its concessions taken away and left, along with other areas of business, in a state of uncertainty. There is little rapport between industry and Government, while the gap between the financial sector and the Government is much greater than the distance between Melbourne, or Sydney, and Canberra suggests.

Business distrust

Unlike the previous Government, Whitlam has no point of common contact with business. This is manifested by the increasing numbers of businessmen and industrialists who now daily trek to Canberra to see Ministers or heads of various Government departments. They do not trust the Government, just as overseas investors seem not to. Multi-national corporations have become whipping boys for Ministers such as Labour Minister Clyde Cameron, foreign capital is subjected to conditions which make it virtually impossible for it to come into the country and play a meaningful role. Such fears need to be allayed.

But not all of this is the fault of Mr. Whitlam and his Government. The gap between business and Government was widening under the old regime and there were many businessmen glad to have seen the change of Government last December. Now they are faced with the fact that there is no viable alternative to Whitlam.

Yet in spite of all the uncertainty that such rapid change has brought—the fact remains that Australia has a sound economy, in spite of high inflation, and is currently enjoying a boom as a result of high consumer spending. Industry, which has been dormant for three years, is active, the rural sector has recovered. In terms of current prices, GDP increased by 13 per cent. in 1972-73. Gross farm product rose by 39 per cent. and gross non-farm product by 11½ per cent. Gross national expenditure was up by 10 per cent. At constant prices on a 1966-67 base, growth in GDP was 3.8 per cent. and in expenditure 3.6 per cent.

The balance of payments, buoyant at the start of the 1972-73 year has continued to improve. At the end of December, the balance of payments for six months was not far short of the surplus of $A1,442m. recorded for the whole of 1971-72. Revaluation of the Australian dollar and moves to prevent inflow of capital resulted in a net outflow in the first six months of this year in excess of $A650m., and in spite of this, gold and foreign exchange reserves in mid-August stood at more than $A4,233m. In the first half of 1972-73, there had been a net capital inflow of $A945m. Australia had been doing too well for her own good, and doing so in spite of the bad track record of the former government when it came to economic policies.

We have as yet only seen the groundwork for the new Australian civilisation (as Mr. Whitlam likes to call it) that is to be built. Unease will continue until Mr. Whitlam has built his citadel of egalitarianism, and come to terms with the fact that business is essential, that the securities industry is necessary and that multinational corporations, bad as some may be, can be controlled and made to toe the line of national interests.

It is wrong to suggest that the problems that have arisen since December in the minds of the business and industrial community are all the work of one man. Even some of the problems in foreign affairs arose from some of Mr. Whitlam's Ministers speaking their mind in an anti-American fashion that produced the tensions that Mr. Whitlam went to the U.S. to relieve.

The fact remains, too, that Mr. Whitlam is as short on talent in his Cabinet as Mr. McMahon was in his. Mr. Whitlam's major advantage is that he is not tied to looking after, at great expense, the minority country party interests.

Mystery tour

Just as the country wanted a lead from the old Government so too is it looking to one from Mr. Whitlam. He is a strong man—by far the strongest of any of the politicians in Canberra—and has pointed roughly the way he wants to go. But the signposts are vague, with other Ministers taking their own little side-tracks (like Mr. Connor with the mining industry or Mr. Cameron in his attitude to multinationals). Living in Australia to-day is a bit like being on a magical mystery tour. We all know where we want to go, but somehow, we have not quite made it.

Politics in this country, normally calm, uninspiring and dull, enjoyed a bit of a revival under Mr. John Gorton and have undergone a major transformation under Mr. Whitlam. Whitlam has an appearance that many see as arrogant and a tongue that is controversial, to say the least. It is fair to say that the disquiet which exists overseas is highly personal to Mr. Whitlam and caused by his style of government. His strong centralist attitudes have created storms of protest among the State Premiers. His foreign policy has caused problems abroad in that he has tried to move too far too fast for the countries concerned—the Indonesians baulked at his regional forum proposals. In the South Pacific he has been viewed with suspicion because he included a warship in his entourage to ensure that his lines of communications were constantly open. The islanders did not see it that way. It appeared to Australians that he got the better of both Mr. Heath and Lew Kuan Yew at Ottawa although other delegations reckoned that it was Mr. Whitlam who lost out on most of the points.

It would be wrong, however, to suggest that Australians would be glad to see him out. His capacity to speak out with an independent voice is much admired, particularly in the light of the fact that his predecessors offered little more than a whimper—and that was a repetition of messages from Washington and London. The fact that the underprivileged are at last getting their share of the wealth is important, and the Australians will probably tolerate much in pursuit of this socialist ideal. Australia now has peace on her borders and can at last become a more inward-looking and caring society. That is the country Mr. Whitlam is trying to build.

Re-assessment of economy

By Dr. P. J. SHEEHAN, Research Fellow, Institute of Applied Economic and Social Research, Melbourne University

After the sharp recession of 1961-62 the Australian economy achieved steady and substantial growth with a relatively low rate of inflation for almost a decade. Between 1961-62 and 1970-71 the average annual rate of growth of real non-farm domestic product was 5.1 per cent. This growth-rate was significantly dependent on a high rate of inflow from overseas of the factors of production, in particular capital and labour, and on a high rate of investment by both the public and the private sectors within Australia.

A substantial level of tariff protection undoubtedly stimulated the growth of the manufacturing sector, but towards the end of the period it was being increasingly accepted that the tariff was an obstacle to the efficient distribution of resources.

The dominant economic policy problems were perhaps the balance of payments and the inefficiency with which both capital and labour were employed. The latter problem was indicated by the low rate of increase in labour productivity even during periods of strong overall growth and an incremental capital/output ratio well above that for most comparable countries.

Agricultural prices

As in many other countries this situation, idyllic as it seems in retrospect, has been rudely shattered in the early years of the 1970s. During 1970 an acceleration in the rate of increase in both prices and wages began and this has continued more or less unabated up to the present. In 1973 the world-wide explosion of prices for agricultural products combined with the delayed impact of several years of poor seasonal conditions within Australia accentuated the inflationary situation—in the first half of 1973 consumer prices rose at an annual rate of 11.3 per cent.

In 1971 and 1972 the economy experienced a shallow but prolonged recession, partly because of Government measures to restrain demand, but as in other countries the recession had little or no impact on the rate of inflation. As the current year progresses it is evident that the economy is recovering quite strongly, although many restraints are now being imposed on it as a result of Government initiatives.

This situation of intractable cost-inflation together with unstable aggregate demand Australia shares with many other developed Western nations. What seems to be special about the Australian case is that at the present time many of the ingredients of post-war economic growth are being re-examined and to a significant extent removed. Thus the Tariff Board has had a long-term review of tariffs in progress for over 12 months now, and in July the Federal Government unilaterally cut all tariffs by 25 per cent. In 1971-72 net immigration was only 41,700 persons and it seems likely to be no higher in 1972-73, whereas the average net immigration in the three years to 1970-71 was 113,500 persons. Net capital inflow in 1972-73 was reduced to $A271m. by comparison with an average of $A1,371m. in the three years to 1971-72.

These sharp changes in the general context of economic policy are partly the result of a gradual but widespread change in attitude within Australia in regard to the tariff, the costs and benefits of the migration programme and overseas control of Australian assets. But they also partly reflect the advent of the first Labour Government for 23 years, and this Government is also determined to increase the share of national expenditure located in the public sector. As these general changes are likely to have a profound effect on the Australian economy they are worth considering in rather more detail before we look at the 1973-74 budget and the short-term outlook for the economy.

The recent tariff cut came at a time at which the impact on the volume of imports is likely to be maximised, although the strong growth of internal demand should help to mitigate the disruptive impact on industry. In the past twelve months the $A has upvalued by 19 per cent. against the $U.S. and by 16 per cent. against the £ sterling, and as these are still Australia's two major import suppliers it is clear that at the time of the tariff cut imports were already highly competitive. In the first half of 1972 imports in volume terms were rising at an annual rate of 27 per cent. but this included a significant element of recovery from the depressed levels of 1972. Some indication of the importance of the tariff cut emerges from the fact that the average effective rate of protection across the whole of manufacturing industry was estimated by the tariff board to be 46 per cent. in 1967-68.

Reduced tariff

Not all of this protection is used, however, and taking into account currency and other changes since 1967-68 it seems likely that the tariff accounts for between 25 per cent. and 30 per cent. of value added in Australian manufacturing. Hence a 25 per cent. reduction in protection is considerable, and it should have a useful if not dramatic impact on inflationary pressures and on the distribution of resources within Australia. On the other hand the volume of imports is likely to be some 20 per cent. higher in 1973-74 than in the previous year, and this will have a dampening effect on the economy.

Australia now has a formidable battery of controls on capital inflow, including an embargo on short-term borrowing overseas, a requirement that 25 per cent. of funds borrowed abroad be placed with the Reserve Bank for the duration of the loan and controls on investment by foreigners in real estate and in the acquisition of Australian companies.

These controls, together with the upvaluation of the $A and high interest rates in Europe and the U.S. have led to net capital outflow during 1973 with the exception of a short flurry of apparently speculative inflow during the period in which the $US was falling sharply on European exchange markets (mid-June to mid-July). This constitutes a remarkable turn-round from a situation of net inflow of $A1,917m. in 1972 but the effect on the economy is just starting to be felt.

At the end of 1972 the liquidity of the banking system was extremely high (largely because of the increase in foreign exchange reserves) but during the first eight months of 1973 that liquidity was sharply reduced, as the Reserve Bank is now operating a restrictive monetary policy, much tighter monetary conditions are likely to emerge in 1973-74.

Interest rates, although low by current world standards (the long-term bond rate is 7 per cent.), are high in Australian terms and the Labour Government has a strong commitment to low interest rate. Nevertheless they seem likely to rise further, given continuing inflation and the cessation of the inflow of funds from overseas.

The reduction in levels of net migration to about one-third of the levels of the 1960s seems to be the result of three factors—namely, the normal reluctance of migrants to come to Australia when unemployment is high, an increased short-term outflow of Australian residents stimulated by cheaper airfares, and a change in the attitude of the Federal Government. Continuing low levels of migration will significantly affect both the growth of demand (particularly for housing and scarce urban services) and the ability of the economy to expand the supply of goods and services. Significant problems have already emerged on the supply side. Because migrant labour tends to be concentrated in certain types of skilled and semi-skilled positions in manufacturing, the reduction in migration has hit those sectors of industry more heavily than the economy at large. Hence quite severe labour shortages have emerged in the steel, vehicle and textile industries even though the economy as a whole is still well removed from full employment.

Although the factors discussed above constitute potential restraining influences in 1973-74, so far in 1973 the rate of growth in the economy has been quite strong. The driving force behind the return to a stronger rate of growth has been a resurgence of real consumer expenditure, stimulated by strong growth in household incomes deriving from wage increases, the income tax cut in the 1972-73 Budget and a better rate of growth in the employment. Real consumer expenditure rose at an annual rate of 7.5 per cent. between the last half of 1972 and the first half of 1973.

Reflecting continuing growth in the housing sector and a recovery in private business investment, real private capital expenditure rose at an annual rate of 6.6 per cent. in the period, but real public expenditure was more sluggish, rising at a rate of only 3.8 per cent. per annum. Industrial production after recovering strongly in the six months to December 1972, grew more slowly in the first half of 1973, being only about 2 per cent. (after seasonal adjustment) higher in June 1973 than in December 1972. In short, it seems that aggregate output in the economy was growing at an annual rate of 5 per cent. or a little more in the first half of 1973.

A continuation of a strong rate of growth in consumer spending, and the resurgence of business investment, together with a likely build-up in non-farm stocks after two years of stock reduction, will be expansionary factors in 1973-74. The extent to which these factors will be off-set by booming imports, higher monetary conditions and a reduction in the rate of growth of building activity is difficult to determine. In this situation it seems appropriate that the 1973-74 budget was designed to be roughly neutral in its impact on aggregate demand, even though it involves a high rate of growth in Government expenditure. Total domestic outlay by the Federal Government in 1973-74 is expected to be up by 20 per cent. on outlay in 1972-73, but the rise is weighted towards transfer payments (to the states and to persons) and net advances which rise by 21.8 per cent. while final domestic expenditure on goods and services by the Commonwealth increases by 15.1 per cent. Offsetting these increases in expenditure is an increase in expected receipts of 20.6 per cent., which involves strong increases in personal income taxes through the progressive tax system, increases in some indirect taxes and significant increases in direct and indirect charges on companies.

No solution

Inflation remains the burning economic and political question in Australia, and while the budget did nothing to contain inflation it also did little (the main exception being the 5 cent increase in excise on petrol) to add to the rate of inflation. The Government's current strategy in attacking inflation rests heavily on restraints on corporate pricing through the newly established Prices Justification Tribunal and on the impact of reduced import prices deriving from the revaluation and the tariff cut. While both of these will exert a moderating influence, there is little chance that alone they will break the inflationary spiral. Like many other governments the world over the Australian Government has yet to evolve a solution to the problem of cost inflation.

Cheap, high-risk defence

By PETER ROBINSON, Editor, Australian Financial Review

Faced with the realities of an over-stretched economy and an ambitious programme of social and economic reform, the Whitlam Government has opted for a high risk, low investment defence stance fraught with both military and political dangers.

The programme which has just emerged from the budget presented on August 21 and the Defence Minister's statement to Parliament on August 22 is one which clearly reflects an overwhelming priority for cost-cutting, rather than any balanced effort to evolve a rational military policy compatible with the Labour Government's attitudes to regional and global problems.

Total defence outlays in the budget are put at $A1,266m.—in increase of only 2.6 per cent. over last year's allocation, which itself reflected the influence of strenuous cost-cutting and the phasing out of Australian involvement in Vietnam.

Inflation rate

Since Australia's inflation rate is now around 10 per cent. annually and rising, this obviously represents a reduction of defence spending in real terms. But in the all-important "teeth to tail" ratio the reduction is very much greater.

The $A1,266m. budget outlay includes $A709m. for manpower costs—an increase of $A81.4m. over last year's figure. However, the size of the fighting services has been sharply reduced through the abolition of conscription for the army (which has reduced its strength from a peak of around 45,000 to about 31,000). Moreover, a further 3.2 per cent. reduction in military manpower is planned for 1973-1974 plus a 9 per cent. slash in civilians employed by the services.

At the same time, equipment spending has been cut by $A44m. to $A263m. The lowest figure for more than five years. This would be understandable, or even laudable, if previous governments had been engaged in capital spending sprees aimed at keeping the generals happy. In fact, the last major defence spending spree was in the early 1960s under Sir Robert Menzies when Indonesian confrontation was in full flower. This led to the acquisition of 24 F-111 bombers (only now being delivered), three missile destroyers from the United States, helicopters, armoured personnel carriers, submarines and patrol boats.

Since then there has been no major programme for the acquisition of capital equipment. Prime Ministers Gorton and McMahon both used defence as a political issue, but in practice imposed tight ceilings on defence spending and consistently deferred long-term decisions on replacement, new programmes and local defence production.

This is demonstrated by the fact that defence spending since 1969-70 has risen only from $A1,000m. to $A1,266m.

The latest programme, however, reverses the trend of very modest replacement programmes to a more positive cutting back of existing programmes and even existing force levels.

The rationale for all this was summed up by the Defence Minister, Mr. Barnard, in this way: "We and our advisors do not at present foresee any deterioration in our strategic environment that would involve consideration of the commitment of our defence force to military operations to protect Australia's security or strategic interests.

"This view of Australia's security was, I may remind the House, the view accepted by the previous Government in recent years."

Mr. Barnard was referring to repeated assertions by Mr. Gorton and Mr. McMahon that they could not see any strategic threat to Australia for ten years.

There are, however, two points which must be raised in connection with this view. The first is the question of lead time on military procurement and the second is the definition of "strategic threat."

The plain fact is that many of the equipment items which first came up for consideration in the Gorton era (three or four years ago) are now that much older: a decision which could fairly have been deferred in 1970 is less easily deferred in 1973-74.

Items in this category certainly include the Neptune patrol aircraft (a replacement candidate for which is the British-built Nimrod), the older Hercules of the RAAF's transport squadrons, the whole concept of the ageing "Melbourne" and Australian naval air strike power and the issue of tactical air power, including troop-carrying helicopters and ground strike capability, both of which took a frontline pounding during the Vietnam war.

Labour was, of course, bitterly opposed to the involvement in Vietnam but it can hardly ignore the fact that Australia's relatively limited stock of capital military equipment was depreciated at double and perhaps triple rates by being utilised for five years or so in rather tough battle conditions.

Newest item

Ironically, the newest capital items in the inventory (the F-111 strike aircraft and the DDG guided missile destroyers) are less relevant to the inward-looking, rather isolationist Labour philosophy of Australian defence needs than they were to the regional more strategically-oriented policies of previous Governments.

Except for the 19 Douglas Skyhawks currently operated by the Navy, Australia has no air ground strike capacity at all. Its tanks are distinctly elderly British Centurions—most of them having seen active service in both Korea and Vietnam—and its capacity to transport assault troops by water is close to nil. There is little anti-aircraft capacity within Australian borders, only the most limited early-warning radar and army mobility which can be measured in platoons rather than batallions.

This is the situation which prevails before the latest run-down of capacity. The Government has now made it clear that it is reversing the efforts—admittedly often more ineffectual than creative—of previous governments to build up a domestic Australian defence production capability. This was originally seen partly as an import replacement policy, but more coherently as a move toward greater independence.

(Swedish, Swiss and French efforts during the Vietnam War to limit Australian use of equipment bought from those sources had a deeply traumatic effect on governments of the day.)

The Labour Government has frankly gone for cost-cutting. It is taking the view that destroyers or aircraft or other big ticket items can be bought from international suppliers more cheaply and with less delay when needed.

This attitude tends to ignore past experience. Before World War II, before Korea and during the Korean war when Australian governments suddenly found that they needed more equipment quickly they ran into supply shortages arising from the rather predictable fact that in times of rising international tension the arms industry is dealing with a seller's market.

Another factor also suggests that the Whitlam Government may be taking a short-sighted view in its assessment of defence priorities.

When previous governments referred to "strategic threats" they were not including Papua-New Guinea, since in their thinking full independence for the territory was some way off and it was administratively and in planning terms a part of Australia's own military area.

The Labour Government, in contrast, is totally and quite unequivocally committed to independence for Papua-New Guinea by the end of this year and has repeatedly made it clear that it will not intervene in the territory's internal affairs after independence or provide it with military support.

In short, Papua-New Guinea is potentially a strategic problem for a Labour Government, but one which it has stated in advance it will ignore.

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Whitlam sees support slide

By MICHAEL SOUTHERN

Few Prime Ministers have ever taken office for the first time with as much public goodwill as Mr. Gough Whitlam had last December—and lost it so quickly. Yet at the same time, the Prime Minister, whose popularity ratings have been solid rather than outstanding, has seen a comparatively small drop in support for the way he is handling his job.

After years of frustration and sheer bad management, the Liberal-Country Party coalition was defeated last year, and Australia went Labour. A significant factor in that victory was the votes of many of the younger businessmen, weary of the ineptitude of the Holt-Gorton-McMahon governments, who saw some hope in the more personable and forceful Gough Whitlam. Many who had never voted Labour before did so last year. On current indications, few of them ever will again. According to the pre-budget Morgan Gallup Poll, Labour has lost some support since it came into office, and Mr. Whitlam himself has seen his personal popularity slip.

No easy answers

There are no easy answers to the question why. After all, the government has raised pensions, pushed the country into overful employment, and embarked on its medical health service which is currently being battled out with unwilling doctors. It has taken new initiatives in foreign policy that Australians generally approve of, and brought the cries of economic nationalism that were being heard under the former government to a crescendo. Most of all, Mr. Whitlam has, overseas, been an outspoken Australian—quite a change from the days when this country was so often knocked for its way of life, its politicians, and its business activities by foreigners, and simply lay back and took it.

Now, Australia is a voice to be heard overseas, a critical voice at times. The old inferiority complex of government is gone and in its place is the brash shout of an infant that has just discovered his voice. At times, as we have seen with the bashing of multinational corporations, it is a shout of inexperience and frustration. At other times, as in the case of criticism of the U.S. bombing raids, it has been a cry of despair. But the point is, at last Australia is making its opinions known and taking an independent stand in the world.

In the light of this, it is not easy to understand why the Whitlam government should have become relatively unpopular. The acid test will be the forthcoming Paramatta by-election which the Liberal Party narrowly held last December. It is expected that the Liberals will win again, but what the government has to take notice of is not defeat, but the margin of defeat.

Among those who no longer support the Whitlam government are a large number of young people who are involved in finance and in industry and no longer find stock exchanges places where they can print money—despite the fact that the economy is now running virtually at full capacity, that the banks are full of money and consumers spending like mad. Business generally has been put low on the priorities of the government which has clearly seen the need for massive social change more urgent than winning business confidence.

It is because of this, and the uncertainty that it has created at home, plus the inevitable distrust of socialist governments by businessmen abroad, particularly in the U.K. and the U.S. that last year's angry young liberals are this year's dissatisfied socialists.

The figures from the Morgan Gallup Poll showed that at December 1972 (the election) Labour (ALP) had 50 per cent. of the votes, the Liberal-Country Party 41 per cent., the Democratic Labour Party 5 per cent. and the Australia Party 2 per cent.

By June this year, the figures were ALP 46 per cent., Lib-CP 45 per cent., DLP 3 per cent., Australia Party 4 per cent. And in July they showed a further drop for the Government to 44 per cent., against 46 per cent. for the Lib-CP, and 4 per cent. each for the DLP and the Australia Party. The two small parties are important because of their preference vote distribution—the Australia Party generally goes to the government, and the DLP to the Liberal Party.

As for Mr. Whitlam, his popularity rating has dropped from some 53 per cent. prior to the election and 62 per cent. last February to 48 per cent. in July. It is not entirely unexpected; after all, he had bare majority support prior to the election, and there are still many, even in his party, who have reservations about him. And his vanity, which shows itself so often, has not endeared him to many.

Confusing words

But it is more than a question of Mr. Whitlam's personality. During the last eight months a number of his Ministers—notably the Minister for Overseas Trade Dr. Jim Cairns, the Treasurer, Mr. Crean, Labour Minister Mr. J. Cameron and the Minister for Minerals and Energy, Mr. R. F. X. Connor—have all made numerous statements which, while indicating new directions in policy, gave not one detail of what the policy might be. This added enormously to the feeling of confusion, mistrust and uncertainty. Then Mr. Cameron got onto his multi-national statements, all of which presented multi-national corporations as ogres that were sucking Australia's resources dry and exploiting the workers.

For a long time, a series of Ministers made statements that were clearly anti-American, and used their ministerial capacity to do so. That foreign policy was not in their brief was of no consequence to them.

Even now, it is not certain if Mr. Whitlam does have full control over his Cabinet. It is fair to say that many of the voters now turning away from Labour are more afraid of the actions of the Ministers rather than the Prime Minister. There is alarm at the fact that the Treasurer has no economic advisors on his staff but seeks aid from a University-based group. Industrialists who felt they had a friend in the pro-tariff Dr. Cairns found he was not strong enough to block the tariff cuts this year. Mining industry officials are still trying to establish a dialogue with Mr. Connor who so far has poured scorn on them.

But what of the Right wing? So far, it has failed to show that it has learned any lessons at all from its defeat last December. It elected Billy Snedden, the former Treasurer (who was not regarded as being very good in that job) as leader. His approval rating has, like that of the Prime Minister, been in decline in spite of a resurgence of Liberal support. In fact, Snedden is being widely regarded as the man to lose the next election for the Liberals and to be discarded shortly after.

Even now, his leadership is insecure, as was that of Mr. John Gorton and Mr. William McMahon. Snedden knows that he faces potential challenges from his right, with Mr. Malcolm Fraser, from behind with Mr. John Gorton (still nursing a feeling for power) and from the left with a progressive thinking duet of Mr. Don Chipp, former Minister for Customs, and Mr. Andrew Peacock.

Peacock is young and impressive. He has often been labelled a future Prime Minister and can, therefore, afford to bide his time and wait for leadership to be thrust upon him as it inevitably will be. He has proven himself a competent minister and has an appeal to the important younger voters of this country which Mr. Snedden has not.

Such is the dilemma of the Liberals—the same one that dogged them in government—a lack of leadership.

In Parliament, Mr. Snedden has been unimpressive and unable to cope with the barbs of the Prime Minister. Outside Parliament, he has been all too quick to want to reply to Prime Ministerial statements, or criticise Government action only to show that he has nothing really to say. The result is that the Opposition is not really being an opposition, and just as businessmen are worried about future actions by the Whitlam Government, so they are expressing concern over the performance of Mr. Snedden.

Indeed, one group of businessmen not so long ago privat told the Liberal Party preside Mr. R. J. Southey, that t were concerned about the l of real opposition from Parliamentary party, and lack of any effort to clear deadwood from Parliamen referring to the older Libe there.

But leadership is only par the problem. The other failure so far to define the of the Liberals for the fu Snedden has already bac down on his opposition to p and incomes policies whil government and begun advocate them. Inconsisten and shifts of thinking like are becoming prevalent in m areas.

Furthermore, the Libe have not been able to com terms with the Country Part opposition. Talk of mergers been rebuffed by the Libe and the once friendly relat ships between these two par no longer exist.

Gone unheeded

The Country Party lea Mr. Anthony, was told would be no coalition in op tion, and he did not bec deputy leader of the opposi (he was deputy Prime Minis *His call for a united Right-party to oppose the Socia* has gone unheeded; in toria, the Country Party Se election candidate has pushed to the bottom of Liberal ticket by the Lib Party. And, with the De cratic Labour Party le ground constantly, it is longer regarded highly by Liberals.

Within the Liberal P there is disarray and a lac co-operation between the Pa mentary Party and the P leaders themselves. Ind there are times when Liberals show signs of follow most Right-wing ex-Governm parties in this country and integrating, to reform unde new guise. Mr. Anthony, cerned about the swing to left by Liberals, sees this, wants to change both the m and image of his Country Pa to give it a more urban and make it the pivot for Right wing.

Canberra's growing weight

By CLAUDE FORELL

Soon after the creation of the Australian Commonwealth in 1901, Alfred Deakin, the most far-sighted of the founders of federation, forecast:

"As the power of the purse in Great Britain established by degrees the authority of the Commons, it will establish in Australia the authority of the Commonwealth.

"The rights of self-government of the States have been fondly supposed to be safeguarded by the constitution. It left them legally free but financially bound to the chariot wheels of Central Government. Their needs will be its opportunity . . ."

Deakin wrote with a prescience that is rare in politics, for what he predicted with uncanny accuracy was not what most of his colleagues had intended or imagined. Their vision of an emergent nationhood had been limited by their commitment to the continuing sovereignty of their individual States.

Indeed, more than 70 years were to pass before an Australian Prime Minister could publicly declare, as Gough Whitlam did at the Australian Labour Party federal conference in July this year: "I am, I always have been, I never will be less than a firm avowed centralist or unificationist." His only qualification was: "But I am also a regionalist. I don't see any validity in the State boundaries which British public servants drew up in the last century."

Sir Robert Menzies, in his 17 years in power, steadily extended Central Government financial supremacy and intervention without ceasing to proclaim his belief in "State rights."

John Gorton more openly asserted the primacy of Central Government, especially in revenue raising and economic management, and urged the Liberal Party to review its dedication to State-oriented federalism. But he always disavowed the description of his stand as that of a "centralist." Not that this deterred some influential Liberals of implacable anti-centralist views from denouncing him and conspiring to bring about his downfall.

Mr. Whitlam feels no such inhibitions, even though his attitude brings him into conflict with three Labour State Governments (South Australia, Western Australia and Tasmania), not to mention the other three with Liberal or anti-Labour coalition Governments.

Significantly, he prefers to speak of the national (rather than federal) Government. Officially, "Australian Government" has replaced "Commonwealth Government." He leaves no doubt as to which Government in his mind takes precedence.

Whatever hope the staunch defenders of State rights may have cherished of arresting or even reversing the trend towards a stronger Central Government must surely have been extinguished at the latest Premiers' Conference in June. At this annual charade—where federal leaders traditionally grandstand about the necessity for financial stringency and State leaders about the iniquity of federal stinginess—Mr. Whitlam made it crushingly clear that the national Government would play an even more dominant and dynamic role in future.

Since federation, the national Government has achieved supremacy, as Deakin foresaw, through the power of the purse or by referendum. This stems from its effective monopoly, since 1942, of income tax; its exclusive rights to customs, excise and sales tax revenue; its virtually unrestricted power to make specific purpose grants to the States on its own terms; and its control through the Loan Council of State and local government borrowing for capital works.

Beyond resources

The result has been that the States—still primarily responsible for schools; hospitals, law and order, public transport and utilities—can no longer raise enough revenue themselves to meet the rising cost of these commitments. The States have come to depend—some more, some less—on federal funds for about half their annual income. The last Liberal-Country Party Government in Canberra yielded them the right to levy payroll tax on employers; this gives them a modest growth tax, but not enough to ease significantly their financial dependency.

The national Government alone decides how much income tax it will raise and how much it will keep for its own needs (and ambitions). The States must make do with what Canberra is pleased to give them—and to accept the regularly-disputed formula for sharing this among them.

Canberra has also used its power to make specific purpose grants increasingly to subsidise and exercise control over universities and colleges, secondary and technical schools, public housing, highways, conservation and irrigation—all originally areas of State responsibility. The States have had no choice but to accept such tied grants, while continuing to demand the freedom to determine their own priorities without federal directives.

It was against this background that Mr. Whitlam confronted the State Premiers in June—without any ideological dedication to uphold "State rights;" with pre-election commitments to boost education, welfare, urban essential services and regional growth; and with a national mandate to take far-reaching initiatives.

He left them in no doubt that the Whitlam brand of centralism would take four forms: stringent limitation of future federal financial assistance; the direct take-over (by financial coercion in the absence of agreement) of State responsibilities; closer control of federally-financed State works and services; and direct funding of local government projects.

The Prime Minister confirmed the complete financial take-over by the national Government of tertiary education, and deducted the money the States would save from their tax reimbursements.

And, as he promised, the federal budget in August provided for further federal intervention in the traditional State responsibilities. In the future, Canberra may well accept full responsibility for the impoverished State railways. In a recent dispute with Victoria over health services, the federal Minister for Social Security offered to take over full responsibility for public health and hospitals—an offer indignantly rejected by the State.

Mr. Whitlam told the Premiers: "We believe it would be irresponsible for the national Government to content itself with simply providing money without being involved in the process by which priorities are set, by which expenditures are planned and by which standards are met."

The reaction of the Premiers to these ominous prospects has ranged from anger and dismay to realistic resignation. At one extreme is Queensland's Johannes Bjelke-Petersen, with semi-wishful mutterings of a secessionist UDI; at the other, Victoria's R. J. Hamer, who concedes Canberra's prerogative to allocate national resources but insists on reasonable consultation and a measure of administrative autonomy for the States.

Clash of views

Mr. Bjelke-Petersen, whose Country Party-led Government represents the Australian equivalent of America's deep South, has clashed with the new national Labour Government on several issues. The most important of these are Queensland's rather feudal laws on and treatment of Aborigines; realignment of the Torres Strait boundary between north Queensland and Papua-New Guinea; jurisdiction over the continental seabed (involving offshore oil and mineral rights); and exports of coal (Canberra claiming that Queensland is allowing a national resource to be sold off too quickly and cheaply).

Most of the other States have supported a petition by Queensland and Tasmania for an advisory opinion by the Judicial Committee on the offshore dispute, which has been simmering since the days of the Gorton Government.

The States are also agitated by the Whitlam Government's somewhat impetuous moves to abolish the remaining right of appeal to the Privy Council in cases arising from the State Supreme Courts.

There is little informed disagreement with Canberra's wish to sweep away "archaic relics of an imperial past" and its confidence in the competence and eminence of the Australian High Court (which is already the final court of appeal in all federal and constitutional cases). But the Prime Minister's tactless attempt to enlist Westminster's collaboration without even consulting the States in a matter affecting their direct relationship with Britain aroused their immediate suspicions and resentment.

State leaders say they fear that if the Whitlam Government can do a deal with London over their heads on judicial appeals, a precedent would be set for tampering with other State rights and powers still guaranteed by British legislation of a bygone colonial era. This p fessed anxiety is rather fetched. The British Gove ment has no intention of setting the balance of fede state relations in Australia has firmly suggested that conflicts be resolved wi Australia by agreement, app to the High Court, or consti tional amendment by refer dum.

One forum where this disp and others could be examin is the forthcoming constitution convention—the first sin federation—to review the Co monwealth Constitution a Federal-State relations gen ally.

Sceptics doubt whether t gathering, or series of gath ings, of federal and State rep sentatives — a device neit provided for in the Constituti nor precedented by politi convention—will achieve mu or even anything. The Stat find it hard enough to rea consensus among themselv let alone with the Fede Government. And any propos constitutional amendment mu still be approved by bo Houses of Federal Parliame and endorsed by a referendu (requiring an overall majori of voters and a majority voters in at least four States an obstacle rarely overcome).

Yet there is scope for som hard-headed horse trading. Th Federal Government, despite i financial predominance, sti lacks adequate or indisputab powers to regulate the econom —for instance, control of non banking finance companie control of wages and prices and full control over industria relations. The Australia Government is also eager t take over responsibility fo company law — an ambitio being blocked by New South Wales and Victoria, partly to strengthen their bargaining power at the constitutional convention.

The most fruitful outcome of the convention could be that the States, in return for a guarantee of a reasonable share of national revenue and administrative independence, will agree to transfer some of the powers sought by Canberra.

For the Whitlam Government, such agreement would enhance its stature and authority; for the States, it offers the best hope of retaining a measure of dignity and autonomy in the face of an increasingly powerful and pervading centralist Government.

New perspectives in foreign policy

By T. B. MILLAR, Director, Australian Institute of International Affairs

In nothing so much as in foreign policy is the Australian Labour Party Government distinguishable from its predecessor. Within a few days of taking office, it changed the tone, emphasis, priorities and direction of foreign policy—a little roughly at first, but with increasing coherance and sophistication thereafter. By deliberate act of its elected representatives, Australia today has a very different image in the world from that of less than nine months ago.

The changes that have taken place in foreign policy are interrelated and stem from a common philosophical approach: that Australia needed to follow its own interests, to be less dependent on the United States and less committed to the support of American policies; that it should be more sympathetic than in the past to the aspirations, policies and emotions of developing nations; and that it had a leading role to play in its two adjoining regions—South-east Asia and the South Pacific.

Immediately after taking office, the new Government moved to recognise the Chinese People's Republic and established diplomatic relations with Peking with unusual speed. Military conscription, reduced by the Liberal-Country Party government, was abolished, the few remaining Australian servicemen in Vietnam were withdrawn and military aid to South Vietnam and Cambodia ceased.

Troop withdrawals

In December, Australia had over 2,000 servicemen of all arms in Malaysia and Singapore under the Five-Power defence arrangement. The Whitlam Government first announced that the infantry battalion and artillery battery would be withdrawn at the end of their tour of duty (February, 1974). Later, after discussions with the other governments concerned (Malaysia, Singapore, U.K. and New Zealand), it announced the withdrawal by February, 1975, of all Australian troops except about 150 involved in "technical assistance and other defence aid schemes, the facilitation of programmes for combined exercises and the support of those engaged in such projects."

The Government does not see these moves as a withdrawal from the Five-Power arrangements as such. Speaking to the biennial Conference of the Australian Labour Party on July 12, the Prime Minister said: "We pledge to honour the full terms of the Five-Power arrangement." Apart from joint exercises, it has yet to be seen how that pledge will be fulfilled but Five-Power is not the same without a visible Australian presence in the region—particularly after last week's defence cuts (see Page II).

Treaty attitudes

In moving away from what it saw as an obsession with the American alliance, the Government became much cooler towards the SEATO treaty. As an official statement issued on July 2 declared: "The Government believes that SEATO is no longer relevant in the light of the changed situation in Asia. It is studying SEATO's role, but has decided that no important changes will be made by Australia without prior consultation with other active members."

At the time of the 1973 ALP Conference, the Government announced that the RAN would not take part in a joint SEATO exercise later in the year, for the planning of which it was mainly responsible.

The renewed bombing of North Vietnam by the U.S. in December 1972 brought strong official and unofficial Australian protests, which appeared to jar relations between the two countries. On February 26, Australia established diplomatic relations with the Democratic Republic of Vietnam. Australia still does not recognise North Korea, but a number of preliminary diplomatic and social moves have been made.

Australia has stopped attending ASPAC Ministerial or Standing Committee meetings because of the presence of Taiwan and the absence of the Chinese People's Republic.

Australian proposals for regional co-operation either in South-esast Asia or the Pacific, did not begin with the Whitlam Government. A whole range of group arrangements were entered into by earlier governments, beginning with the Colombo Plan in 1950. Labour has removed some of the content, as with SEATO, Five-Power and ASPAC: it has broadly continued existing areas of economic co-operation, but it has changed the emphasis in political terms.

Thus Mr. Whitlam has sought a leading role for Australia in a "new, wider and genuinely representative regional association in the Asian/Pacific area, without ideological overtones and designed to insulate the region against external interference and pressures." Putting this concept to Indonesia, the Prime Minister met a cool reception—one suspects on two grounds: (a) because Indonesia does not regard Australia as an Asian country, or as suitable to take regional initiatives of this kind, and (b) because Mr. Whitlam's proposal included the People's Republic of China, which Indonesia could not at this stage accept.

In other areas of the region, Australia has supported local initiatives. Labour, like its predecessor but with more fervour, accepted the Malaysian suggestion for a "zone of peace, freedom and neutrality" in South-East Asia—a suggestion endorsed by the other ASEAN states, although without uniform enthusiasm.

Whereas the Liberal-Country Party government considered as impractical the Sri Lanka concept of an Indian Ocean zone of peace, the new Government has applauded it, and has a representative on the ad hoc committee of the United Nations considering practical measures for implementing the proposals. The end result may or may not be different, but the approach is very different.

An area in which Australia has taken an initiative and has gained considerable international support (and even more publicity) is the French nuclear tests in the Pacific. After inconclusive scientific discussions with France, Australia on May 9 filed an application to the International Court of Justice, seeking interim measures to restrain France from further nuclear tests in the atmosphere above the Pacific. This action was initially successful, in that the Court issued a temporary injunction against France, although France ignored it.

The Australian Government was presumably somewhat embarrassed by the fact that the Chinese People's Republic carried out an atmospheric nuclear test in late June. A diplomatic protest was lodged, but the mood of the Government, trade unions, Press and public was far more strongly directed against France than against China.

Concerned at what it considered to be Australia's image as a white, racist power, with imperialist affiliations, the Whitlam Government took swift measures to change its policies in the United Nations and elsewhere. Thus it supported resolutions in the General Assembly proposing that Rhodesia should not be given independence before it had majority rule, and calling on Britain to "take all effective measures" to bring down the Smith administration. Australian exports of grain to Rhodesia, hitherto allowed on "humanitarian" grounds, were prohibited.

Decolonisation

Australia also rejoined the Special Committee of 24, dealing with the implementation of Resolution 1514 regarding decolonisation. It voted with the majority of the Assembly on December 14, when it condemned Britain and other states for failing to implement the Resolution in its dependent territories, and called for steps to be taken without delay to grant independence to a list of small territories.

Australia has taken a firmer line against the Portuguese administration of its African territories and against South Africa. Sporting teams from southern Africa selected on a racial basis are refused admission to or even transit through Australia.

Buoyant trade position

By PETER DUMINY

A year ago Australians were seemingly just getting over a severe bout of timidity about their overseas trade prospects. The previous 12 months had been marked by all-round domestic economic slowdown, ascribable (partly, perhaps very largely) to concern about export performances. Probably the greatest of the fears was about the trend of mineral deliveries to Japan, whose importers had lately been seeking to duck their full contractual commitments.

How times change. Last August the Reserve Bank jolted both Government and the business community by hinting that Australians not only did not have to fear weaknesses in the external economy, but should on the contrary have begun to consider the external balances excessively strong. That was widely interpreted as a call for revaluation of the Australian dollar, which however for the most part was dismissed as politically impossible and, on the merits, rather preposterous.

Since then the supposedly impossible has happened at least three times to Australia's external trade structure. Unilateral revaluation came soon after the change of government last December. Unilateral slashing of the customs tariff came in July. And for the full nine months of the new government so far, Australia's attitude towards its considerable mineral exports has changed from one of anxiously pushing them to jealously guarding their sources, as if to suggest that Australia can henceforth afford to pick and choose its markets.

Structural changes

These spectacular departures would have been controversial under any circumstances. For one thing, they involve broad assumptions about net national advantage differing dramatically from the conventional wisdom which preceded them. General acceptance of the new wisdom almost necessarily implies belated recognition of basic structural changes which were very unlikely to have occurred suddenly and would in retrospect have to be seen as having been in the making for a number of years.

Such hindsight could hardly be free of doubts. And if, remarkably, there were to be something of a national consensus on the broad issues, there would still be plenty of objections from individual interests adversely affected by the sort of changes that have overtaken Australian trading arrangements in the past year.

In fact, there is life in all these issues yet. Beginning with the revaluation, it is frankly difficult on the bare figures to prove conclusively that external trade had reached a chronic imbalance which needed to be corrected by an adjustment of the exchange rate, not to mention the full 7.05 per cent. up-valuation in terms of the U.S. dollar announced on December 21. Several academic and commercial bank economists, among others, were quick to voice alarm at the time, and many presumably have remained unhappy.

Declining deficit

The Reserve Bank had remarked that "the deficit in our . . . current account is declining and the level of international reserves is high and growing." That related to the 12 months ended June 30, 1972. In fact, the current deficit was wiped out altogether in calendar 1972 and the foreign exchange reserves rose to an unprecedented $A4,800m. at the end of the year.

However, there were special factors. One was that imports (by value) had declined by no less than 8.5 per cent. compared with 1971, a temporary setback due to the slackness of the domestic economy and but for which there would, as usual, have been a deficit on current account last year. Another was a continuation of the capital inflow which had swollen Australian reserves by a net $A3,260m. in the 24 months to mid-1972 and which, thereafter, became even more identifiably inspired by revaluation hopes (or at least by the consideration that Australia had become a safe haven in an increasingly uncertain currency world).

Take away these helpful factors and Australia would again require a perennial inflow of overseas development capital, simply to balance its books. This did not, to the government's critics, appear to be a sound basis for acting as if the Australian currency had become chronically undervalued.

Nevertheless, as the Reserve Bank had implied and as the new government and its advisers were to recognise, there had been a structural change. This was the effect of the explosive growth of mineral exports over the preceding decade and more particularly its second half. From $A464m. in 1967, minerals sales soared to $A1,387m. in 1971-72, a level at which they comprised almost 30 per cent. of total export earnings.

In calendar 1972 Australia mined record tonnages of iron ore (62.8m.), black coal (58.7m.) and bauxite (14.2m.) and each of these were seen to be only on the threshold of their full potential. To the protagonists of upvaluation it had become inconceivable that a country reaping so bountiful a harvest could fail to be improving its position relative to all other countries, even allowing for the comparatively poor performances over several years of farm sector exports, traditionally Australia's main source of foreign exchange.

Any such net improvement would, virtually by definition, have been a basic structural change producing, other things being roughly equal, a permanent and growing surplus in Australian overseas trade until corrected by currency realignments.

In practice, it seemed at first as if the Australian upvaluers would regret their initiative, not so much because of the wails of affected interests (mainly the farm lobby and mining companies with long-term contracts in U.S. dollars), but because what they had intended was unexpectedly overshot in February by the American devaluation against major currencies. Overnight this meant that Australia had in some 18 months upvalued by no less than 25 per cent. in terms of the U.S. dollar.

That appeared to have a number of implications. It opened the door to increased imports from North America, which already accounted for 25 per cent. of all Australian purchases abroad. It made the outlook seem decidedly unfavourable for exports not only to North America (15 per cent. of total) but also to the much larger Japanese market (absorbing more than 27 per cent. of Australian exports), the main danger being not that volume of sales would decline but that their value would be seriously eroded due to the prevalence of pricing in U.S. dollars.

In fact the worst fears proved groundless. The international currency adjustments were soon revealed to be part of a larger chain reaction of trade-related moves which were to include extensive commodity stockpiling in Japan and generally higher world commodity prices (including speedy renegotiation of fixed price contracts). Wool was only the most spectacular of many examples: its contribution to export earnings more than doubled in a nine-month period.

In addition, yet another major source of export revenue had begun to emerge strongly. That was beef, sales of which increased more than 70 per cent. in the nine months ended March 31, to reach an annual rate of $A632m.

And other exchange rates, meanwhile, did not stand still. The floating of European currencies and the yen, while Australia's dollar remained tied to the American dollar at the rate fixed in February, was to mean a 4.3 per cent. devaluation against sterling over four months to end-June, while first-half 1973 brought a 12.6 per cent. depreciation of the $A against the D-mark (and so on, including a drop of 8.5 per cent. against the French franc and 2 per cent. against the yen).

Secure currency

There was even talk of floating the Australian dollar, implying further appreciation, which was apparently enough to restore Australia's status as a secure currency repository. At any rate the foreign exchange reserves suddenly steadied and showed signs of growth again, after having dropped more than $A600m. from the start-of-year peak (a decline which had shown every sign of consistency with the unwinding of positions built up in anticipation of last year's revaluation, reinforced by stricter exchange controls).

Finally, any chance there might still have been of isolating, studying and passing judgment on the December revaluation disappeared without trace on July 18, the date on which Canberra announced

Continued on next page

Trade with China should not be over-emphasised

By PHILIP BOWRING, Hong Kong Correspondent

There can be no doubt that Australia's loss of its China wheat market to Canada at the end of the 1960s was a consequence of its attitude to Peking and its presence in Vietnam. Sales fell from $A118m. in 1969/70 to nil in 1971/72. However it is also the case that China resumed its purchases before the change in Government and recognition of Peking. Economic objectives had by then taken precedence over political ones as China needed not only to safeguard its short-term supply position in a tight world market but also to give a boost to Australian production by increasing grower optimism and Wheat Board optimism about markets.

Though Australia can now confidently assume that regular sales will again be made to China, Overseas Trade Minister Dr. Jim Cairns has not cared to predict that it will replace Canada as chief supplier. The Chinese appear to have been saying different things to different people on this subject and they take care to keep the situation fluid, inciting optimism without tying themselves to specific commitments. This certainly appears to be the case with the promised long-term agreements on wool, wheat and other commodities.

These had not emerged by the end of Trade Minister Pai Hsiang-kuo's visit to Australia in late July. Though in theory a wheat deal in particular would be a useful assurance for both sides a lot of hard bargaining is needed and in the end neither side may regard a specific agreement involving quantity and price as attainable.

While in Canberra Pai Hsiang-kuo did however sign a general trade agreement which while containing nothing dramatic does establish a framework for the development of trade. Among other things it provides for "discussions for long-term commodity arrangements" and for mutual most favoured nation treatment in the issue of import and export licences and the allocation of foreign exchange for trade. Neither clause is contained in Australian agreements with other communist countries.

However there is a long way between friendly words and actual trade. Labour seems to have exaggerated the trade benefits of ideological attitudes more acceptable to China. In the days when China was seeking world recognition it was prepared to use trade as a reciprocal favour towards less hostile nations, such as Canada, which recognised it. Not only has that need disappeared but almost anyone is now welcome in Peking—as Cairns discovered when he found himself placed on equal terms with representatives of the Greek regime.

This is not to say that the new Government's policies have not smoothed the way for greater trade. But in the longer term any political motivation in China's trading may be at least as much influenced by its view of Australia's role in reginal geopolitics as by the colour of the Government in Canberra.

Dr. Cairns has predicted that trade between the two countries over the next five years will be double that of the last five. This is not a spectacularly over-optimistic assessment in view of the more than two-year stoppage of wheat sales. Nonetheless, even assuming that wheat sales return to over $A100m. level (and given the rise in prices they could go much higher) there is still plenty of room for expansion of other exports. It is notable that while wheat was embargoed other Australian exporters were developing Chinese markets—First by managing after much struggle to get visas to Canton and then gradually making themselves known to the State buying organisations.

Substantial sugar sales were made last year for the first time and have been followed up by a 50,000-ton sale probably worth about $A8m. announced in May. Iron and steel sales (mostly pig iron) jumped from almost nil to $A11.4m. in 1971-72 and are continuing. Sales of non-ferrous metals increased from $A1m. to $A9m., mostly accounted for by alumina and aluminium (though details on these sales are not available). Wool sales have also shown a remarkable breakthrough rising from $A2.4m. in 1970-71 to $A6.3m. in 1971-72 to $A17m. in the first ten months of 1972-73, though this is partly accounted for by the steep rise in wool prices.

The other main export item is tallow—worth $A5m. in 1971-72.

Expanded sales

Opportunities for expanded sales of all these products may exist. The problem in assessing their potential is that China has the capability, but not the capacity, to produce most of them, and in any event will be resticted by the foreign exchange situation. Imports of wool, for example, account for only a small proportion of China's needs—though high quality Australian types may be necessary for textile exports. Iron and steel shortages in China cannot be regarded as permanent, and even though there is talk of China buying iron ore this would probably only be in smallish quantities for upgrading local ores. Bauxite the Chinese have aplenty but need to import the processed product because of the low quality of home smelting. Sugar is another case—its needs are largely for a particular type for canning industry.

In general, then, if China continues to want to expand its foreign trade and to some extent ease its self reliance policy, there is some scope for Australian exporters. But wheat looks likely to return to its position way at the top of China's buying list, whether or not Australia regains the lion's share of that trade.

From China's export viewpoint Australia has provided a steadily if not dramatically growing market. Sales rose from $A23m. in 1967-68 to $A41m. in 1971-72 and $A40.5m. in the first ten months of 1972-73. Prinicpal items are textiles ($A21.8m. in 1971-72), clothing and footwear ($A6.5m.), and a wide variety of manufactured articles (including alarm clocks, of which China is Australia's main supplier). There have been some worries in Australia over "cheap" Chinese imports but they are no greater than with other low cost producers such as Hong Kong which has been expanding sales more rapidly than China. Though the recent 25 per cent. tariff cuts should give China new opportunities in Australia it may not have the capacity to take advantage of them.

Exciting though the prospect of China trade may have seemed to be to Australia, it is worth noting that in 1971-72 it accounted for only 1.6 per cent of Australia's total foreign trade. In the mid sixties when the wheat boom was in full swing and before the Minerals boom it was substantially more important. But the very most that can probably be hoped for over the next five years is that it will return to about 2½ per cent. of foreign trade—the same as in 1967-68.

AUSTRALIAN EXPORTS AND IMPORTS FROM CHINA IN AUSTRALIAN DOLLARS

	1967-68	1968-69	1969-70	1970-71	1971-72	10 mths. 1972-73
Exports ...	126.4	67.2	125.8	63.2	37.2	48
Imports ...	23.5	29.6	32.0	31.5	41.3	49

New Zealand refuses to be a junior partner

By DAI HAYWARD, Wellington Correspondent

Although political and trading ties, and ministerial communication, between New Zealand and Australia are stronger now than ever before—the advent of Labour Governments in both countries in the same week last November helped to create a new rapport between the leadership of both countries—New Zealand has no intention of being a weak echo of her bigger and more powerful Tasman partner.

In the eight months since Labour came to office New Zealand's Prime Minister Norman Kirk has initiated a newer look and established a stronger position for New Zealand in foreign affairs. He is prepared to take an independent stand and does not necessarily wait for Australian reaction before making decisions or taking action in the foreign policy field.

Sending the New Zealand navy frigate Otago on a protest voyage to the French nuclear test zone is probably the most dramatic and most obvious example. It is understood that Australia saw no point in this and regarded the earlier Kirk declarations that as a last resort New Zealand would consider sending a protest vessel as statements made for political expediency and unlikely to be implemented.

When the Australian Deputy Prime Minister Mr. Barnard arrived in New Zealand a few months ago his attitude and early public statements made it clear that Australia would confine its protest to its approach to the International Court. Before he left New Zealand Mr. Barnard's attitude had completely changed and he was able to announce that Australia would send a supply ship to refuel the Otago.

New Zealand has adopted a different approach from Australia in many other matters affecting the Asian and Pacific region. It has re-affirmed its support for Anzuk and told its five partners that New Zealand forces will remain in the area despite the fact Australia is committed to pulling out. New Zealand lobbying and fact-finding in the area has been carried out in a different manner too, and seems so far to have been more successful.

Whereas Mr. Whitlam during an Asian tour made statements which sometimes upset his hosts and Asian neighbours, New Zealand instead quietly sent the Minister of Defence, Mr. Faulkner, on a low key fact-finding visit during which he constantly asked his hosts—"What do *you* want us to do."

Ministerial consultation, both by trans-Tasman telephone and by personal contact, has never been greater between the two countries. Ministers are jetting back and forth across the Tasman for talks with their opposite number with remarkable frequency. Sometimes the trips are barely mentioned publicly—not for any reason of secrecy but simply because the discussions are on a much lower detailed level than was often the case in the past.

The political rapport has also extended into the trade area with manufacturers and exporters in both countries anxious to increase the flow of trade and in particular to make the NAFTA (New Zealand Australia Free Trade Area) agreement even more comprehensive and workable than it is at present.

Over the years enthusiasm for NAFTA has waxed and waned in the two countries. First, it was the New Zealand manufacturers who feared the competition which Australian goods might produce. Then, as New Zealand exporters realised the advantages of the Free Trade Agreement it was the Australians who had reservations that New Zealand goods, encouraged by export incentives would upset their home market. Now, however, manufacturers in both countries seem equally enthusiastic about NAFTA.

A joint working party representing New Zealand and Australian manufacturers is now operating with the objective of doubling the annual growth rate in trade under NAFTA. Over the past years this has been compounding at an annual rate of ten per cent. but manufacturers and exporters on both sides of the Tasman want to step this up to 20 per cent. They are encouraged by the support given by both Labour Governments which are anxious to promote trade, and also by the imminent removal of British preference tariffs in both countries.

New Zealand has already tabled a range of new customs tariffs designed to phase out British preference. It is logical that New Zealand importers will turn towards Australia as an alternative market and the NAFTA agreement, with its schedule A section designed to give preference in each country to the Tasman partner, will give Australian industry an advantage over Japanese or American competitors.

It is likely that Australia will benefit more from the removal of British preference than will New Zealand simply because Australia's manufacturing industry is larger and more broadly based than New Zealand's. However, Australia could turn to New Zealand for some products now bought from other countries, especially in the forest or paper industries.

Another indication of the enthusiasm to make NAFTA work has been the increase in the number of items added to the duty-free list this year. The NAFTA agreement, which came into existence on January 1, 1966, began with 1,051 items on the list. During the next six years additions averaged just over 50 items a year until this year, when 146 new items were added to the list, bringing the total to 1,547.

Although trade covered by NAFTA has steadily increased over the years so too has trade outside the duty-free agreement. Total two-way trade across the Tasman now stands at $321m. of which $165m. is in goods covered by the Schedule A duty-free agreement. The value of duty-free trade has remained at a fairly constant level of 50 per cent. of total trade.

One reason for the progress in many general trade areas has been the rationalisation of production within the same industry. By limiting production to agreed lines, factories in both countries can share the total market with both benefiting from economies in distribution, stock and from longer production runs.

The growth in trade and improved warmth towards NAFTA does not mean that all worries and difficulties have been resolved. Plenty still remain. Australian basic raw materials, particularly chemicals or minerals produced locally have protection over imported raw materials.

Because New Zealand does not have these natural raw materials they are often imported duty-free. This often gives New Zealand manufacturers patricularly in plastic or metal industries, a price advantage over Australian firms who use the same imported raw materials. Naturally the companies have reservations about this.

CONTINUED FROM PREVIOUS PAGE

Trade position

sweeping tariff reforms. From then on any suggestion that Australia had over-compensated for structural changes would be much more likely to be pinned on cuts in the customs tariff, than to anything previously done about the exchange rate of the Australian dollar.

With few preliminaries and without warning, the Australian customs tariff was cut by 25 per cent. across the board, an action whose effect was officially thought to approximate a 6 per cent. revaluation of the currency and was expected to increase imports by at least $A300m. in a full year (mainly in the category of finished consumer goods).

The adoption of such a measure was the more astonishing for being conceived and followed through essentially as a substitute for short-term fiscal and/or monetary policy—that is, to deal with a danger of inflationary overheating of the domestic economy. These aspects do not concern us here, except as throwing light on subsequent criticism of the Government's action. Almost speechless at first, such representatives of protected industry as the motor manufacturers (for whom the effective rate of protection had averaged 65 per cent.) and clothing factories (an average effective rate of duty of 63 per cent.), soon declared themselves seriously threatened by the loss of tariff support.

However, to a large extent it is eminently fair to present the tariff measures as having come in response to long-term structural needs. Australia's industrial tariff, with an average effective rate of 46 per cent., was one of the highest in the world. The country had consistently avoided meaningful participation in multilateral tariff cuts negotiated under the auspices of GATT. And last December the OECD (Organisation for Economic Co-operation and Development) was highly uncomplimentary about Australia's multi-layered protection policies in its first-ever published study of the Australian economy.

At least it could be confidently argued that large segments of manufacturing industry no longer required the blanket of tariff protection which had been costing the Australian tax-payer an all-round $A2,700m. a year in effective subsidies. Structural changes were already complete to the extent that many industries had become fully established (probably decades ago) and that it had ceased to serve national objectives to attract more newcomers to several fields of activity. For instance, self-sufficiency had ceased to be a strategic or economic necessity, partly at least as a result of the expansion of the new major export activities in minerals and beef.

Admittedly the July 18 reform went further, indiscriminately stripping protection from industries needing it as much as from all others which were no longer vulnerable. This is clearly an area of greater controversy, implying conscious use of the tariff mechanism to accomplish structural changes in reverse, that is, the break-up of uneconomic industries no longer deemed worth fostering.

Many would say that went too far. Certainly it would be hard to find a basis for it, other than in enormous confidence about future contributions to national wealth of other sectors of the economy.

That can only lead back to minerals. But there is a seeming paradox in that, far from appearing to be keen to expand mining development, the present government has, ever since its election, shown every indication of wanting to sit on the country's national resources, as if reluctant to concede the need for further steep increases in mineral exports.

The paradox is resolved only if it is assumed that the government's stance on minerals is a bargaining posture rather than a reflection of its real intentions. It would have to be seen as a facet of the tough "minerals' diplomacy" which has had other practical expression in the renegotiation of contract prices with Japanese iron ore buyers.

It needs to be added that this is a reasonable hypothesis. And it may also seem reasonable to believe that Australia has so much to offer (not merely in the availability of mineral deposits, but in political stability and almost all things dear to the heart of potential buyers and processors of minerals) that its diplomacy will in due course be richly rewarded.

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Firms slow to accept Government's policy

By KENNETH RANDALL

From early in 1972, many of Australia's most astute businessmen were convinced that the Australian Labour Party, under Mr. Gough Whitlam would win the general elections towards the end of the year. Few of them were dismayed by the prospect. Some backed their judgment with public statements bordering on support. A majority probably took out the insurance of donating to Labour's campaign funds.

Yet the sense of shock and disbelief within the business community at the sight of a Labour Government in action was, within a year, the most obvious of all public reactions to the change. "We are constantly surprised," said the consultants, Cramb Tariff Services, in a budget-eve bulletin to clients, "by the number of businessmen we meet who seem to refuse to accept that times, in relation to tariff policy, have changed. These men, successful in their own fields, appear to harbour the deep-seated belief that the Government, for all its talk and actions to date, is not really serious in its intentions and that finally it will revert to the policies of the past 20 years.

"Nothing could be further from the facts."

Mr. Whitlam himself, in an address to industrialists only two months earlier, had said: "I want to reassure you that ours is a highly predictable Government. I confess it makes me quite impatient when I hear that business is uneasy or uncertain about our intentions. I venture to say, in all seriousness, that no administration in modern democratic history has entered office with its intentions so precisely and specifically spelt out—and spelt out over so long a period."

Blast furnaces at the B.H.P. steelworks at Newcastle, New South Wales.

Uncertainty remains

The overwhelming evidence supports Cramb's and the Prime Minister but the fact is that uneasiness and uncertainty remain. Perhaps Mr. Whitlam put his finger on the cause when he said in that June speech: "If anyone has been surprised, I can only take it that there is still an element of surprise in the fact that an elected Government will actually do what it said it would do."

To some extent, the flabbiness of the industry associations and other lobbying groups which lived so comfortably through the past 23 years of non-Labour government, must shoulder blame for the credibility gap. But they were not alone. Even the Australian Financial Review began its main report of the July, 1973, tariff cut (25 per cent. on all items) by describing them as "historic and entirely unexpected." Yet every major element of the decision had been examined in detail by the Prime Minister in his speech a month earlier.

The tariff decision was taken in the name of anti-inflation policy, though its effect in that area may be limited, at best. As an earnest of the new Government's intentions for industrial development, however, it had an incalculable and certainly "historic" significance.

The official announcement of the tariff reduction and associated decisions, running to 15 pages (much of which still has not fully penetrated public consciousness), tied together some of the most publicised and important policies of the Labour Party: extensive reallocation of resources, job retraining and relocation programmes, revision of the methods and machinery of industry assistance and tighter co-ordination of assistance policies.

Mr. Clyde Cameron, the Minister for Labour, had already published the outlines of a national manpower policy which he expected to introduce by the end of 1973. The Government had received (and largely endorsed) a report from the eminent economist Sir John Crawford on an industries commission to replace, and expand upon the work of, the Tariff Board. Through the new commission, Mr. Whitlam had said, "the Government intends to lay the basis for an industrial policy for Australia in which the emphasis will be upon change and dynamic adjustment."

Other elements in the process of forcing change were the Government's proposals for selective prices justification (in the absence of power to directly control), federal company law and stock markets' supervision, stronger action against restrictive trading practices, foreign take-overs and monopolisation, and the removal of featherbedding subsidies and taxation allowances. This last point was put into concrete form by the Budget decision to withdraw the 20 per cent. investment allowance against tax.

But the Government's commitment to the consumer and the worker ahead of the entrepreneur and shareholder was nowhere illustrated with greater psychological impact than in the various facets of the tariff decision.

Mr. Whitlam had warned: "It is not a pretty sight in a country like Australia, so rich in natural resources and with such potentiality for growth, to see the instant ossification which which sets in in so many enterprises and indeed whole industries. As soon as an industry has come into existence, too often it considers that its very existence entitles it to a certificate of immortality and changelessness, to be guaranteed by way of government subsidy and protection by way of tariffs or, even worse, permanent quantitative controls on imports a safe and easy life."

Public scrutiny

Just how far Labour's complex and over-lapping ideas will succeed remains a matter for conjecture. Because of the Australian constitutional situation, some of them necessarily rely on public scrutiny and exposure rather than direct legislative authority. But there is nevertheless a substantial measure of direct power available and of the general intentions there can be no doubt whatever.

Perhaps the one area of business where the Government did not telegraph its intentions is that of the multinational corporations. The unexpected virulence of the attacks on multi nationals sprang from particular situations and political expediency and is unlikely to be translated, for the time being, into specific policy actions. Undoubtedly, though, it has added to the siege mentality in some sections of business.

The extent of this attitude is not at all clear. While many spokesmen for organised business present it as universal, the official statistical indicators (to take one instance) tend to suggest that any crisis of confidence is quite narrowly based if investment decisions and profit expectations are any sort of guide.

Not 'anti-business'

Senior ministers, from Mr. Whitlam down, have gone out of their way to stress that, although times certainly have changed, they are not intrinsically "anti-business." The Treasurer, Mr. Frank Crean, has carried probably the greatest burden of this work (and several times been laughed or shouted down by his audiences). In his view, ". . . what we are aiming to do is to develop a climate in which there will be an active and healthy competitive spirit, coupled with a readiness to respond to the challenge of change, both in our doemstic industry and in our international trading."

By the past standards of Australian industry, the prospects being held out by the Labour administration may seem bleak in the extreme. By anybody else's standards, they are not so extraordinary. For one thing, the inevitable involvement of the trade unions in any Government-induced restructuring is a substantial safeguard. Speaking of the tariff cuts, Dr. James Cairns, the Minister for Secondary Industry and Overseas Trade, says: "It has been done in a genuine effort to deal with inflation. There will be an equally genuine effort to make sure that Government, trade union and business co-operation ensures that no cost of this will fall only upon those affected, and every effort will be made to see that the position of those who may lose their jobs will actually be improved."

The concepts of rigorous competition, efficiency, cost-consciousness outside the protective umbrella of the tariff and harsh public scrutiny may be unpalatable where they are unfamiliar but they are gaining wide community endorsement. To borrow again from Cramb's ". . . industry must accept that the Government is 'fair dinkum'. . . times have changed. There is no sense in refusing to recognise it."

Reduced tariff walls

By MICHAEL SOUTHERN

Australia's manufacturers were born on the right side of a tariff wall, and have, since prefederation days, grown and matured that way. Under Sir John McEwen, the tariff wall reached its highest. In July of this year, the government took its first, and massive swing at the wall, and inefficient industry in general, with an overall 25 per cent. reduction in tariffs.

True, some of the industries involved can, and will, make representations to the government showing cause why tariffs should be restored for them. Heavy engineers are in the vanguard of this movement. It is also true that there will be some unemployment as a result of the breakdown in tariffs (some ministers estimate 30,000 jobless). It is probable that this will not be the first tariff reduction by this government, and the July measures were a bitter taste of things to come.

For, behind that tariff wall, Australian industry has grown at a cost to the Australian public that is difficult to estimate. It has been a simple cost of paying more for many goods simply because Australia could not produce them at prices comparable with those of overseas manufacturers.

The arguments have rarely varied. Without the tariffs industry would not have grown, investment have been made, jobs created — and the prosperity that the community at large enjoys would not have reached its present level. Laudable as this argument might be, there have been at the same time industries which have used tariff protection to cover inefficiencies that, in an open and competitive market, would not be allowed. But one argument for their survival has always been the social need—and many have been tolerated simply because they create jobs.

The reduction of the tariffs was a move to help relieve inflation, but the effects have still to be seen. The Whitlam Cabinet has had some degree of division on the subject, and there are strong groups both for and against tariff protection. Up to now, the consumer-orientated groupings behind Mr. Whitlam are winning, for there is good political capital in cheaper television sets, footwear, chemicals, and so on. It has to be offset against unemployment, but with full employment and inflation at 13 per cent. annually, the fact at this point in time is that any labour displaced by tariff reductions can be taken up somewhere else.

Largest contributor

It is wrong to underestimate the importance of the manufacturing sector in the Australian economy. Economic census figures for 1969-70 show that in the total GNP, manufacturing was the largest single contributor, accounting for 27.8 per cent. with a factor cost of $A7,531m. Estimates now suggest (though statistics are not available) that manufacturing accounts for around 30 per cent. of GNP.

The industry's real and immediate problem, however, rests neither with the December revaluation nor with the tariff cuts. Industry in Australia is beset with two more immediate problems. One is that the cost of wages, salaries and supplementals has been rising faster than profits. A turn has been seen in that some companies have reported sharper profit rises for the early part of the year, reflecting the current consumer spending boom.

The other is that of private investment, which has been falling since 1968, and sharply since September 1971. In the March quarter of this year there was an 0.3 per cent. rise in new capital expenditure, the first rise since September, 1971. But to offset this grim situation lies the fact that in the same quarter, there was a rise in new capital issues by public companies, from $A182m. in the December, 1972, quarter to $A218m. The level is now around that of the June quarter of 1971. This is seen as heralding a rise in private capital expenditure later this year.

But no one is certain that, in spite of the indications, the rise will take place. Manufacturers in the country are suspicious of the Prices Justification Tribunal, established by the Government in an effort to control prices. No one is quite sure just how it will work, and what its exact powers will be. Until it does fly its true colours, industry will remain hesitant—a number of companies have already indicated that they propose to ignore it.

As with many other facets of the Australian economy, manufacturing industry is now faced with a degree of change that could be massive. The heavy engineering sector, for instance, built up to service the massive mining developments, is finding the going difficult now that those developments have, for the time being at least, stopped. And with lower tariffs making the imported alternatives cheaper, they may have troubles getting started again. Motor car manufacturers are enjoying a boom with sales up 15 per cent. this year, but it is a boom overhung by strikes which have affected production and the spectre of increased Japanese interest in this market through manufacturing. The government's attitude is the key here, and the answer is not known.

Colour television

Electronics face equal uncertainties, particularly over colour television. Textile and footwear producers have the prospects of China flooding the market (in spite of assurances to the contrary), chemicals and textiles face increased foreign competition. Everywhere, in fact, there is uncertainty which has reflected in the declining stock market.

This uncertainty is the one factor which could inhibit future capital investment, just as government attitudes to foreign investment in anything in Australia are such that there is no immediate prospect of any massive capital inflow. Such investments would face the 25 per cent. deposit scheme and a great deal of government scrutiny which, on present indications, is more hostile than friendly.

Enough iron ore to become a major steel producer

By DESMOND KEEGAN

The only Australian iron and steel producer, Broken Hill Proprietary Co. Ltd. (BHP), is testing the Government's new prices tribunal with a demand for a 9½ per cent. price increase.

Predictably, the application has been dubbed "an outrage" by the trade unions who were quiescent after their July wages battle which landed them a settlement from BHP in the form of higher wages and improved conditions.

On the other hand, large and vocal shareholding groups were adamant that the rise will do little to assist BHP's return on its massive investment in iron and steel plant. They pointed out that its absolute profit is large because of its good fortune in finding oil and gas and BHP's daring in leading the consortium which developed the Mount Newman iron ore complex.

BHP is now in a position where it can press ahead with plant to make and ship vast tonnages of pig iron and raw steel to the big markets. While this is the type of investment decision which would give Australia a great deal of economic rationalisation, it will not happen unless the rewards are sufficient to service the vast capital needed to initiate the plant.

BHP has already indicated that it sees the need for an investment programme of $A1,350m. over the next seven years in order to meet the demand of the 1980s. But, without price rises, it sees the return on its investment dropping to less than 8 per cent. a year. Already, because of BHP's delay in its new investment programme, some types of steel are in short supply.

There are other companies interested in steel production in this country. With the vast iron ore reserves that exist, international groups have been watching the situation, and the Government, too, is clearly interested in ensuring that more of the iron ore is processed in Australia prior to export. And, when one considers the extent of Australian ore resources, it is logical that eventually, the country must become one of the major steel producers of the world.

Mesabi output

The Mesabi Range in the U.S., which provided the muscle to enable America eventually to dictate to the old European powers, has yielded about 3,000m. tonnes of ore since it was discovered towards the end of the last century.

By the 1980s, the world will be using a Mesabi Range every three years. Even allowing for impurities in Australian ores there is a great future for its high ferrous content and its sheer magnitude. In a year of world steel recession the Pilbara was able to undertake about 10 per cent. of world iron ore production. This year Pilbara men say they will produce far more than the Mesabi Range did at its peak and it will be ore of a much higher grade.

It may also be of interest to note that the West Australian Government reports that the proven reserves of iron ore in the State are over 25,000m. tonnes. Mr. Russell Maddigan, chairman of Hamersley, says that the reserves are even more abundant than this and few iron ore miners doubt that some staggering reserves will be found.

These huge tonnages are not likely to leave Australian ports without some benefits in the form of processing plants as the likely spin-off. Mr. Connor is already prepared to use contracts to seize other objectives, such as the Japanese compensation payments for the damage done to Australian iron ore producers whose futures looked bleak when the American dollar was devalued.

Lately, things have not been rosy for BHP and the company has seen fit to issue a measured statement to defuse some of the misconceptions held about steel in Australia.

Mr. J. C. McNeill, managing director, said recently: "At the present low return on funds employed, further investment for even minimum expansion of the steel industry required to keep up with average market growth cannot be justified."

This has been treated with dismay in the manufacturing and construction sectors of the community as there is a stunning shortage of steel because of the boom in housing and production of consumer durables.

Realistic pricing

"But," says Mr. McNeill, "a remedy for this is available and it lies in more realistic pricing.

"The twin requirement of ample supplies of steel under all conditions and maintenance of artificially low prices, in relation to present costs of production, are obviously incompatible. This is indeed trying to have it both ways."

He went on: "What is needed now is the basis for a business judgment to rid the community of some of its irrational opposition to steel pricing policies. It is necessary to recognise that the adequate supply of steel in Australia depends on this and that BHP, big as it is, is nevertheless subject to the same rules of economy that apply to all private enterprises."

Mr. McNeill also said: "The proposition that the iron and steel industry must be expanded with private funds irrespective of the merits of the investment is plainly nonsense. The need for steel to be profitable in its own right is not lessened by the availability of cash flow from the diversion into oil and natural gas. The proposition that the winners should shore up losers in temporary difficulty is certainly valid—but how temporary is temporary?"

There are vast plans for new iron and steel complexes in most States and Queensland looks set to beat West Australia in getting a big export steel plant. Queensland has the coking coal needed for steel in great abundance; it has the ports and climate and it needs heavy industry to realise some of its great potential. But there have been no significant finds of iron ore.

New South Wales already has two big iron and steel plants and there is talk of a major steel plant at Jervis Bay. However, the conservationists are already in an uproar about this plan and the outcome is still uncertain.

There is ample coastal space away from population centres to produce pig iron, steel and shapes in enormous quantities if the investment is forthcoming. It will almost certainly be available eventually, either under a Labour government or a Liberal government of the future.

In the long run, a measure of maturity will be needed in Australia simply because it will have to compete with the African and Brazilian fields. Mr. Whitlam must take advantage of the tremendous iron ore reserves, although they are of varying quality.

Lucky upturn for aluminium

By J. N. PIERCE

The dramatic upturn in the world aluminium industry has come at an astonishingly lucky time for Australia, coinciding with substantial increases in alumina refining and bauxite mining capacity.

But problems remain for the Australian industry in the form of currency losses on exports and serious doubts of future growth under the strictures of the new doggedly nationalistic Federal Labour Government.

The domestic market for primary aluminium, which shrank by nearly 4 per cent. in 1972 to end a long succession of annual gains, is expected to expand strongly by at least 20 per cent. in 1973. Such a gain would bring domestic consumption to around 164,000 metric tons, or roughly 70 per cent. of the annual rated capacity of Australia's three smelters.

Currency losses

But on export markets, where the combination of bauxite, alumina and aluminium ranks third in importance after iron ore and coal, the benefits of a strong growth in shipments are being blunted by the currency realignments which have taken place since the end of 1971.

Before the Smithsonian Agreement late in 1971, an export price for primary metal of U.S.24c. per lb. yielded the Australian producer about A20.2c. To-day, U.S.24c. translates into only A16.9c. To get back to a A20.2c. return—about the break-even point for Australian smelters—would require an international price of nearly U.S.29c. This prospect has, in fact, moved nearer with early June increase by the U.S. and Canada of their selling price outside North America to U.S.28.5c.

Unlike the Australian iron ore producers and coal miners, the aluminium producers have yet to win any currency adjustment concessions from the Japanese. However, prospects in this direction look hopeful. The best that can be expected, however, is a partial restoration of the losses arising from the two U.S. dollar devaluations in December, 1971, and mid-February, 1973. The Japanese will hardly be sympathetic about losses stemming from Australia's unilateral 7.05 per cent. revaluation of last December since it was a self-inflicted wound. But although the currency losses since 1971 add up to a daunting total of 26.5 per cent., they promise to be more than offset by higher production and sales.

Mine production of raw bauxite by Comalco Ltd.—the only Australian aluminium group to disclose regular detailed figures—was 2,330,000 metric tons for the June quarter, or 36 per cent. more than output for the corresponding three months in 1972. Its June quarter bauxite shipments jumped by 47 per cent. to 2,551,000 metric tons and its output of primary metal (including its half-share of production of the Bluff smelter in New Zealand) gained by 22 per cent. to 78m. lb. Gains of this order can be expected to continue throughout the Australian industry for the rest of 1973.

Including Bluff — owned 50 per cent. by Comalco and 50 per cent. by Showa Denko and Sumitomo Metal of Japan—total smelting capacity of 344,000 metric tons is now fully employed. Alcoa of Australia, which cut back output at its Point Henry smelter in Victoria by 15 per cent. in September, 1971, moved back to a full production rate of 91,400 metric tons during the final quarter of 1972. Comalco, which imposed a 12 per cent. cutback at its Bell Bay smelter in Tasmania at the beginning of 1972, has just resumed a full production rate of 95,500 metric tons. Alcan Australia's Kurri Kurri smelter in New South Wales has similarly moved to full capacity production of 45,400 metric tons for the first time since it opened in 1969. The new Bluff smelter—probably one of the lowest cost producers in the world — expanded its production rate from 74,000 to nearly 112,000 metric tons last September. This higher output at the smelter end largely represents the re-employment of capacity which had been forced to lie idle by the world-wide recession in aluminium.

Capacity working

The astonishing luck of the industry lies in the fact that the sharp recovery from that recession has coincided almost exactly with the completion of substantial and long planned additions to alumina refining and bauxite mining capacity.

Somewhat fortuitously delayed by a series of construction union strikes, the multi-national-owned Gladstone refinery in central Queensland has just completed a final expansion which increases rated annual capacity by nearly 60 per cent. to 2,032,000 metric tons (2m. long tons).

On its past record of over-capacity performance, the refinery is capable of an actual production rate of more than 2.4m. metric tons, making it by far the largest—and probably the most efficient—in the world.

This expansion, together with the start-up of the Sardinian alumina refinery of Eurallumina SpA (in which Comalco has a 20 per cent. interest), means bigger markets for Australian bauxite since both plants draw all their bauxite supplies from Comalco's huge Weipa deposit in northern Queensland.

Along with Gladstone, the Swiss-Australian alumina refinery at Gove, in the Northern Territory, has just come on stream with an expansion which doubles annual capacity to 1,016,000 metric tons.

On the western side of the Australian continent, Alcoa of Australia has started on an expansion programme, scheduled for completion by the end of 1974, which will lift the combined capacity of its Kwinana and Pinjarra alumina plants near Perth to 2.2m. metric tons.

Beyond this, however, the prospects for further major expansion in the Australian aluminium industry are clouded by two main issues.

Since December, in a remarkably successful attempt to choke off the strong inflow of capital to Australia, the Federal Government has required that 25 per cent. of overseas borrowings must be lodged interest-free with the Reserve Bank. There have been no large overseas borrowings since the imposition of this requirement, and it is now taking on an air of disturbing permanence.

The second barrier to new projects is the rigid Federal Government stance on overseas ownership. Prime Minister Gough Whitlam is determined that the present 62 per cent level of foreign ownership of the Australian mining industry must not be exceeded. His Minister for Minerals and Energy, Mr. Rex Connor, has gone further by hinting that there will be no direct overseas investment in the minerals industry in the future — but foreigners will be welcome to make loan funds available through the Government - sponsored Australian Industrial Development Corporation.

Projects stalemate

With overseas loan funds cut off and foreign participation restricted if not barred, two new alumina projects — Alwest-BHP-Reynolds in Western Australia and Comalco and nine overseas companies at Weipa — are stalemated and three others — the Pacminex and Amax alumina plants in Western Australia and a large Comalco-sponsored aluminium smelter at Gladstone — stand doomed to remain on the drawing boards.

Aerospace proposals are hanging fire

By MICHAEL SOUTHERN

At the beginning of this year, there were several bright stars on the aerospace horizon. Perhaps the brightest was the proposal for a rationalisation of the industry through a merger of the three companies into one, with the government as a 51 per cent. shareholder.

Then, there was the prospect of a $A355m. light destroyer project, a maritime reconnaissance procurement plan and the replacement of the Mirage fighters used by the air force. These projects were important not because local companies had any chance of contracting for them, but simply because each could have resulted in some valuable long-term offset work that the industry needs to stay viable.

Australia will not, in the immediate or foreseeable future, build her own fighters or undertake any of its major defence requirements. The demand is simply too small and the cost too enormous. But at the same time the government has expressed some desire to see the aerospace companies operating and making worthwhile contributions to the defence effort.

Company owners

The Commonwealth owns one of the three companies—Government Aircraft Factory. Hawker de Havilland is a subsidiary of Hawker Siddeley, and the third arm is the Commonwealth Aircraft Corporation (CAC).

The CAC shareholders include Broken Hill Proprietary, Rolls-Royce, ICI, Broken Hill North, Broken Hill South and EZ Industries. P & O also has a shareholding. The merger plan proposed to put all three together, minus some of the commercial side of the Hawker de Havilland installations such as sailing boat building and some other contract work, into a single group in which the Australian government would take 51 per cent. In the first half of this year, it was apparent that all was going smoothly and the merger almost became a foregone conclusion. But, as the demands of the left wing of the Labour Party for more and more money for social welfare projects increased, the rationalisation plan took a place of lower importance, and the much awaited announcement from the Minister of Defence, Mr. Lance Barnard confirming the merger, is still much awaited.

Getting work for this industry has always been a problem. To keep some installations going the companies have often diversified into other areas, so the aerospace industry is involved in such items as the manufacture of seats for planes and trains, and of sailing boats.

There are some companies with major projects on hand. The Government Aircraft Factory, for instance, has the successful rocket propelled Ikara which will deliver a homing torpedo, and the small Jindivik target aircraft. These have attracted orders from foreign governments. It also has the STOL project Nomad, a small aircraft being marketed commercially by the airline division of Mr. Rupert Murdoch's News Limited empire. As well it has attracted a number of Government orders.

The industry has survived as a result of offset orders, mostly with U.S. groups. Thus, the Commonwealth Aircraft Cor-

Continued on next page

Motor makers enjoy boom in demand

By MICHAEL SOUTHERN

The lack of growth in demand for products of the motor industry that became apparent in 1970 became stagnation by 1972. To some degree it was due to an increase in sales tax on cars and station wagons from 25 per cent. to 27½ per cent., while commercial vehicles continued to attract a tax of 15 per cent. Overall, the industry growth over this period was only some 4 per cent. a year.

But the start for 1973 saw consumer demand, coupled with easy credit, boost the industry, so that the first six months showed an overall growth rate of around 15 per cent. This, in turn, was hampered by strikes which affected all producers when power workers went out, first in Victoria, and then in New South Wales. Ford suffered most of all when its Melbourne plant was closed for nine weeks because of strikes. Further growth in the industry has been hampered by steel and component shortages, making this once happy year a time of some trial. Further, like most other sectors of industry, the early joys were clouded over by uncertainty about government policy.

Japanese threat

The real uncertainty rests in the future of applications by two Japanese manufacturers, Nissan and Toyota to establish manufacturing plant in this country. These were made when it became clear that the government was going ahead with plans to upgrade the local content of motor vehicles to 85 per cent. At present, the two Japanese companies assemble in Australia and have some 65 per cent. local content.

The local manufacturers, all foreign-owned, are generally opposed to the Japanese entry on this scale, for even under current regulations, they have watched all Japanese manufacturers capture 21 per cent. of the local market, and through proliferation of models policies, cause the local manufacturers to produce more models and variants than it is felt this market can stand. With a population of 13m. and a market of around half a million cars a year by 1975, it is felt that there is room for only four manufacturers, and that the entry of the Japanese could weaken the position of two of the four local car makers.

While General Motors-Holden and Ford are in a strong position, both Leyland Australia and Chrysler are not. Chrysler reported a loss of $A3.9m. for 1972, but expects to be back in profit this year. Leyland has been losing money since 1970, and its accumulated losses now stand at about $A8m.

Leyland is currently trading at a profit, and trying to fight its way back as a more significant producer with the introduction of a series of new models, the first of which, known as P76 has been on the market for three months. At this point in time, because of the strikes, it is not yet possible to find meaningful sales figures for the car. But those which are available to indicate good public interest in the vehicle a medium-to-large car with six or eight-cylinder engine options that is competing with the top of the volume range of Holden and Ford production, and with Chrysler.

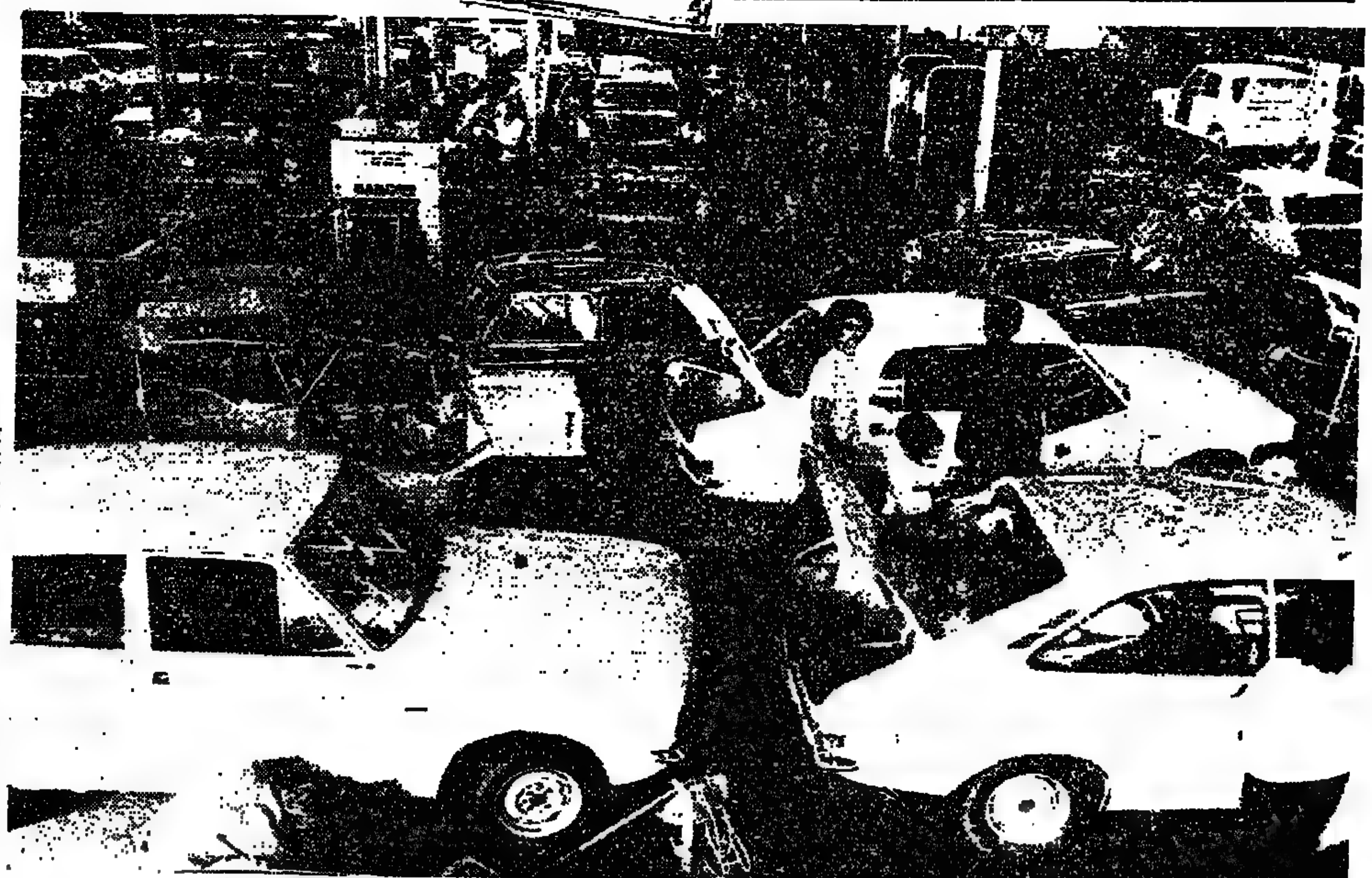
Further models are being built and designed by the group which, for far too long, drew on its British parent for vehicles and designs that were not suitable to this market. Leyland strength lay mostly in the small car market and thus was first victim to the Japanese challenge when it came.

The success of the Japanese is partly illustrated in the following market percentage share table.

	1968	1972
GMH	34.4	32.7
Ford	19.0	26.1
Chrysler	13.3	9.5
Leyland	11.0	8.6
Nissan	3.5	6.8
Toyota	7.1	7.0

(Source, Adaps, Melbourne)

Registrations for the early part of this year show a similar pattern and emphasise the fact that the two Japanese groups have overtaken Leyland in sales.



Final assembly area of British Leyland Australia's plant in Sydney.

REGISTRATIONS
February-April, 1973

	Vehicles reg	%
GMH	30,338	29.39
Ford	27,342	26.49
Chrysler	9,961	9.39
Toyota	8,824	8.55
Nissan	8,378	8.10
Leyland	6,938	6.72

(Source, Adaps.)

The local makers suffered a further blow with the widespread reduction in tariffs of 25 per cent. in the middle of this year, a move that clearly, in conjunction with the revaluation of the Australian dollar in December, 1972, made it easier for the Japanese makers to export fully assembled vehicles to Australia to supplement the assembly lines. Imports of Japanese vehicles had reached record proportions prior to the tariff cuts in response to the shortage of locally made vehicles brought about by strikes and improved demand. Thus, in the first four months of the year, Japanese imports were up by 25 per cent., while in May they reached a record 6,704 vehicles.

Anti-motor car line

But the motor industry's problems do not end with the Japanese challenge. Problems of rising costs, environmentalist lobbies which have some strong influence with government, new safety and pollution measures and a general anti-motorcar line growing among government and the public have to be faced.

Australia is one of the top car ownership countries in the world—one car for each 3.1 persons. Since the change in government, attitudes on motorways development have changed and Ministers have even suggested that moves may be necessary to reduce the number of two-car families. For the first time in many years, government is talking about improved urban transport a move which, if it ever happens, will markedly reduce the need for car ownership in order to cope with thoroughly inadequate public transportation systems.

In spite of all these problems, plus those of coping with safety proposals that are in some cases unique and stiff anti-pollution requirements, the industry still maintains its view that Australia is a good growth market for cars. An ownership rate of one car for every 1.8 or two persons is considered feasible.

Australia is proving to be a good exporting base for local manufacturers, though even this area of activity has its uncertainties with the possible cuts in export incentives that the makers enjoy. In 1971-72, the four manufacturers exported 71,423 vehicles from Australia in assembled or ckd condition to markets in New Zealand, South Africa and South East Asia.

The value of these exports has become quite substantial. GMH in financial 1971-72 exported vehicles to the value of $A61.4m., and it has exported vehicles to a total value of $A349m. since the late 1950s. Ford exports in 1972 were valued at $A43.9m. and Chrysler $A19m. The total value of exported vehicles has grown from $A46m. in 1967-68 to $A130m. in 1971-72.

Over-capacity in packaging

By MICHAEL SOUTHERN

Estimates of the total value of the packaging industry to Australia vary. There is, however, a general consensus that something like $A800m. a year is spent on the raw materials like paper, timber, plastics, glass and textiles. If one adds to this the printing and design costs, the figure is probably in the region of $A1,000m.

It is a big market, and there are more than 280 companies and firms involved in it. In addition, there are others who come into packaging in a secondary way, such as printers. Some of the major companies like Kellogs and AMATIL have developed their own packaging arm for their breakfast foods, cigarettes and other products.

With such a diversity of companies involved, the major groups see a need for rationalisation to overcome, on the cardboard and corrugated fibre side in particular, problems of over-capacity and over-production that have been affecting profits.

Growth area

The corrugated and fibre board sector is the largest area of paper packaging and one of the most important in the total market. It represents some 40 per cent. of the paper and paper board area, which in turn is now 39 per cent. of the total market. It is one of the significant areas of growth—from 30 per cent in 1956 to its current figure just under 40 per cent. of the total market. Metals in the same period have grown from 26.6 per cent. to 29 per cent., plastics from 3.6 per cent. to 12 per cent. while glass has declined from 11 per cent. to 8 per cent., wood from 10.6 per cent. to 4 per cent. and textiles from 15.7 per cent. to 6 per cent.

As these figures show, the inroads that plastics have made over the last 15 years have been quite significant, and are continuing to be so. During the 1960s, use of plastics in packaging grew at a rate of 21 per cent. a year while it has a projected growth rate of around 12 per cent. a year to 1975, and according to industry sources, about 9.5 per cent. a year through to 1980. The total value of plastic packaging is expected to be around $A273m. by 1980.

Its growth in the flexible packaging area has been particularly attributable to its light weight (an important factor in a country where transportation costs are high and distances long) and low price. Unlike most other commodities, plastic prices have been falling since the early 1960s.

In the future, plastics are looked upon as a major challenger to glass for the bottle market, though Australian Consolidated Industries, one of the major glass and packaging companies in this country, has recently married the two to produce a glass bottle with a plastic coating, and has an installed capacity for 50m. bottles a year. ACI has also been expanding rapidly in other areas, and apart from a $A25m. programme that includes both flat glass expansion and other packaging plans, the group has entered into an agreement with the Daiwa Can Co. of Japan to establish a two-metal (tinplate and aluminium) can factory in Australia at a total cost of $A16m.

In spite of the inroads made by plastics, glass is still seen as a major growth area for the future. In 1967-68, it was estimated that glass packaging and containers were worth £A38m., while an overall growth rate of 4.8 per cent. a year is estimated through this decade together with a decline in glass's share of the container market. Further, ACI is now facing competition from the recently established Canadian-backed group Glass Containers Ltd.

Glass's loss, however, will not be just to plastic, but to the metal containers which have proved so popular with brewers and soft drink manufacturers. Although aluminium has been making major inroads into the tin plate market, they have and will continue to grow at the expense of glass. Australia's use of aluminium in packaging is the second lowest of the world's 13 major trading nations, in spite of the fact that this country has one of the largest fully integrated aluminium industries in the world.

Few industries in Australia have been subjected to as much criticism and pressure from environmentalists than packaging. Scenes such as those of housewives leaving excess packaging in supermarkets are not uncommon, while there has been a strong reaction to the non-biodegradable plastics, and if it continues, this could have a significant effect on future growth. Public outcry over the piles of beer and soft drink cans that litter parks, suburbs and some of the seemingly remote beauty spots in the outback has resulted in establishment of recycling plants.

They have so far had little economic appeal but it is quite significant to see how much advertising there is stressing the re-useability of the materials, while the non-biodegradable plastics people have, in one case, used a novel argument that their packaging is best of all for hard fill such as gullies and swamps because it does not degrade or give off chemicals or gasses "which could pollute the soil and water passing through into creeks and streams."

Recycled glass

Glass manufacturers are also organising campaigns stressing the constant re-useability of a glass bottle coupled with statements that even when it breaks, it can be used again, through recycling for other products, and even into new bottles. In NSW, one bottle plant claims that the recycled glass component of all new bottles averaged 55 per cent., higher than anywhere else in the world, while throughout Australia, the recycled glass component of new bottles is averaging 45 per cent.

Indeed, the recycling programmes of aluminium, steel and glass are invariably linked with charities which get some value for the discarded unit.

But even this has not satisfied the environmental lobby and in NSW the government is currently considering a tax on non-returnable or non-reusable containers, a move which could cause some concern again to the plastics side of the industry and to the no-deposit bottle side of the glass business.

It is also significant that for the first time, packaging engineers are due to graduate this year from the Sydney Technical College. Of the initial group, many are already involved in the industry, working for major companies like Kellogg, ICI and Nestle. This is a new and important sphere for the industry and one which is expected to result in substantial savings.

CONTINUED FROM PREVIOUS PAGE

Aerospace

poration had a Bell Helicopter programme arranged when the Federal Government ordered 75 machines for the Army. CAC's contribution is that it will build 191 of the helicopters for Bell, and those built in excess of the Army's requirements are to be sold on the civil market. Once this programme is fully operational some 70 per cent. of the helicopters' components will be Australian. In addition, CAC has a sub-contract for work with Vosper and makes galleys for the Boeing 727-200 series that are being bought by Australian airlines.

The Boeing purchases have been equally rewarding to Hawker de Havilland, which is now the only source in the world for wing ribs and rudders for the Boeing 727-200. This contract has so far been worth $A7.5m. to Hawker, and a fourth extension is currently under negotiation.

The proposed defence procurements then had a value not just in offset work, but also in what could have been a major switch in offset policy. Some of the proposals for the fighter, for instance, are such that the Australian industry would be involved as a partner in a world-wide project, rather than just doing bits and pieces for the Australian order. As one executive put it earlier this year "we are better off with 20 per cent. of a programme for 800 planes than 80 per cent. of a programme for 100 planes made here." It is apparent that cutbacks in defence are going to affect these projects.

This highlights the basic problem of the industry—its reliance upon the Government for work. It has been proposed that the merged industry would gain at least 30 per cent. of its work directly from the Government.

Unions have further hindered the merger prospects with demands not for a merger but for a nationalisation of the total industry.

As long as the Government continues its examination of the latest reports on defence requirements and the industry's future, the real decision it has to make is that of just where the industry goes. On the one hand, Labour wants to promote the growth of Australian defence-aligned industries, but on the other hand it is faced with demands for social welfare which are seen as making inroads into defence expenditure.

Television's tangled web

By TREVOR KENNEDY

Lord Thomson of Fleet a few years back was reported as saying that owning a television licence was like having a licence to print money. In the public mind the quotation stuck like molten brown sugar to a blanket. The Australian television industry has proved him wrong.

With declining profitability a tangled web of difficulties has been woven, that makes a large sector of the Australian electronics industry a potential casualty. The problems principally stem from the granting of third commercial television licences in the main capitals in 1965 (making — with the State-owned network, the Australian Broadcasting Commission — four TV channels in Australia). On top of this lies a list of problems: the massive capital expenditure commitment involved in re-equipment for the introduction of colour by March 1, 1975: the complete phasing out of cigarette advertising on TV; a hostile Government attitude to the commercial networks which has resulted in higher annual licence fees in this year's budget and more stringent requirements necessitating a high proportion of expensive local product and a declining number of sets in use in relation to population.

Highly protected

But it is colour television where the Australian electronics industry's main problems occur. Once designated by the Australian Tariff Board as a highly protected industry, consumer pressure is now building up against the local electronics industry, as it fights for tariff protection to produce the components for colour sets in this country.

Without tariffs, the industry has argued, it will have difficulty surviving. A senior executive of Amalgamated Wireless (Australasia) Mr. Arthur J. Gabb, puts it this way: "The Australian electronics manufacturing industry is highly competitive and efficient employing about 40,000 workers, many highly skilled. It contributes millions of dollars in Government revenue in various forms of taxation, much of which will disappear if colour television receivers are imported. For "the main problem facing the industry is to find opportunities for continuous quantity production. There must be large-scale production to make possible research and development in the high technology areas."

"The level of protection must recognise Australia's penalty in terms of scale of production, a consequence of Australia's economy, which is small by world standards.

"Thirdly, protection is needed to support other industries. The electronics industry purchases components, raw materials, packaging, transport, service, etc., in Australia. Some of these items can be imported at lower cost, others cannot."

Mr. Gabb claimed the level of protection sought was moderate. He said it is always possible to select isolated examples showing a high percentages of protection, but the overall figures speak for themselves.

He pointed out that from comparisons frequently made with Japan, very significant figures emerged. Already, the Australian monochrome television industry, under existing protection, had supplied more monochrome television receivers to the Australian public, per head of population, than has the Japanese industry to its local market.

An Australian-made colour receiver would not cost $A1,100 as had been suggested, but about $A570 for a 17-inch, $A610 for 20-inch, $A660 for 22-inch and $A710 for 26-inch sets.

But the counter-arguments also run strongly, and the reaction of the national newspaper the Australian was somewhat typical: "Australia's electronics industry has made a singularly unappealing case for massive tariff protection against imported colour TV sets. Protective tariffs impose avoidable cost burdens on the community and an inflationary pressure on the economy. They need to be thoroughly justified as being in the wider interest if they are to be supportable.

"This justification can often be found, when a level of protection can be argued to operate to the benefit of the economy as a whole, or when it supports the existence of an important employment sector. Neither of these arguments can be made in favour of the small, largely foreign-owned electronics industry in Australia.

"It can hardly be claimed that it would benefit the economy to force the great mass of Australian consumers to pay an extra $A200 a set—the tariff level manufacturers are asking for—in the sole interests of this relatively tiny industrial group."

Few employed

According to Mr. P. W. Jacoby of the Jacoby Kempthorne Group associated with the Japanese make Sony, as few as 3,000 people will be employed making colour TV sets under the Australian industry's own proposals.

The anti-protection lobby also argues that a heavily protected domestic colour television industry must be about the very last thing required in a country whose largest trading partner happens to be the cheapest colour television manufacturer in the world.

The Prime Minister, Mr. Whitlam, recognised the case for cheap television when he told the Tariff Board, at the start of its inquiry into colour TV protection, that the Government "did not want to encourage the production of colour television tubes in this country."

But while the electronics industry may have these problems it is colour which offers greatest hope for Australia's TV industry as such.

Australian television stations are run at high cost while maintaining a very high coverage by international standards. The 1971-72 annual report of the Federation of Australian Commercial Television Station (FACTS)—the latest available —published figures on combined broadcast hours by Australian television stations as at June 30, 1973.

Hours broadcast

The calculations, based on the approved hours for each station as published in the 23rd report of the Australia Broadcasting Control Board, showed that the combined weekly hours broadcast by commercial and ABC stations at that time were: Sydney 451 hours (four stations), Melbourne 452 hours (four), Brisbane 374 hours (four); Adelaide 379 hours (four); Perth 272 hours (three) Hobart 160 hours (two). The comparatively limited television service offered by countries in Europe was "in stark contrast."

"The U.K. broadcast a combined 199 hours. Switzerland 166 hours and West Germany 148 hours. Of the countries with two channels, only France with 137 hours and Spain with 114 hours, were above the 100-hour mark.

"These figures illustrate how highly developed and competitive is the Australian television service, and the extent of the programme service which is provided to Australian viewers," FACTS said.

This dense coverage has had its impact on profitability. The evidence here need not be taken from media itself, as outside analysts have come to the same conclusion. The Melbourne broking firm of Guest and Bell made an extensive analysis of the media in December last year and concluded with doubts about the viability of the third commercial licences.

On the profitability of television stations, the survey said: "The 1965-66 slump in profits coincided with the commencement of operations by the third commercial stations in Melbourne and Sydney. Profits improved greatly in the next two years but the growth rate then slowed down and margins have flattened out. It is difficult to be confident about a major advance in profitability because of rising costs (particularly for colour television), and the likelihood of further declines in cigarette advertising."

Assembling transistors at Standard Telephone and Cables plant near Sydney.

Shipbuilders optimistic

By MICHAEL SOUTHERN

As with so many segments of Australian industry, shipbuilding is waiting for a firm statement by the Government on future policy. It does, at least, rest secure in the knowledge that the Government wants a healthy shipbuilding industry and — whatever the ultimate steps are—will ensure that one is brought about.

Considering that the industry has for so long survived on a hand to mouth basis, dependent on Government subsidies and bans on import of new and second-hand vessels from abroad, a positive statement about its future will indeed be welcomed. What is clear at this point in time however is that it will be a policy that closely involves the future of both the Australian shipbuilding industry and shipping itself. It is known that the Government plans to reserve Australian coastal shipping for Australian built ships only, and that it plans to ensure that there is a more equitable share of overseas trade carried by Australian built and manned ships.

All the shipyards have been ailing for some time — Evans Deakin to the point of closure. A quick survey of work in hand showed that Walkers had nothing in sight after completion of some supply vessels and eight small ships by the end of this year BHP's Whyalla yard has work till mid 1975, the State Dockyard in Newcastle, NSW work until early 1975. Adelaide Ship Construction and Evans Deakin simply have "nothing in sight."

As an interim measure to assist the industry, Transport and Shipping Minister Mr. C. K. Jones has announced subsidies of 45 per cent. without any scaling down over the next five years, with a promise of a long-term subsidy that will be "adequate." This move has been seen as giving BHP a chance to take its plans for expansion of the Whyalla yard, which at present builds up to 80,000 tons deadweight, out of mothballs. Another subsidy move was the offer of 25 per cent. for two Union Steamship vessels for the trans-Tasman trade. In addition the Government is to call tenders for a 70,000 ton vessel for the Australian National Line and also for a grain carrier replacement and a new ship for the Tasmanian run.

Local orders

Further, indications have gone out to various companies known to be needing ships that the Government expects to see their orders placed in Australia for both ships and oil rigs. Mr. Jones has also permitted the import of three 100,000 ton vessels for the coastal trade on condition that the companies place orders for an equivalent tonnage with local shipyards.

Mr. Jones has long considered the Australian shipowners have a distinct disadvantage against the foreign shipowner when it comes to carrying Australian goods, and his plans for a revival of shipbuilding based on increased carrying of goods by Australian ships have generally been welcomed.

He has, on more than one occasion, noted that there is an insignificant percentage of overseas trade lifted from Australia by Australian flag vessels. In bulk shipping, only a fraction of 1 per cent. of the 103.5m tons was carried by Australian ships. The Government, as a matter of principle, has adopted the stance that it wants to see vessels chartered from overseas for the overseas trade must be replaced by locally built ships and to see 40 per cent. of oil and other new export mineral contracts carried in Australian built vessels.

Building and construction

By a Correspondent

In the six months to the end of December, 1972, new buildings to a value of $A1,600m. were started in Australia, a rise of $A100m. on the corresponding period of 1971. And, in the past six months of 1972, the value of work under construction was $A2,600m. The number of new houses and flats rose dramatically, and the constant roar of cranes and concrete mixers in the cities (silenced only by strikes that have put most major projects a year behind schedule) indicated that the developers have faith in the future of the central business districts in spite of the attitude of the new Government which wants more homes and less offices.

Short supply

Indeed, the construction industry is running at boom levels which cannot be sustained without inflation or massive imports of labour and materials. Most supplies are short. The house builders, with commencements running as high as 90 per cent. above monthly commencements in the middle of 1972 have almost come to a stoppage because of a shortage of bricks or the simple but necessary three-inch nail.

Advances by banks and building societies for new homes were running at record levels, and only on Government notice did cutbacks begin in the middle of this year. Even so, it may be some months before the builders and material suppliers can catch up with the backlog of demand. In many areas, it takes six months to get bricks.

Everybody wants to build, be it a home or an office block. Most appear to be wanting to build at to-day's prices to beat the 13 per cent. current inflation rate, knowing that inflation will continue and it is cheaper to pay back in tomorrow's deflated dollars drawn from higher rentals.

"Expectations are what count. The City centre buildings go on with their developers prepared to cope with empty spaces for some time knowing that ultimately demand will rise again. The Government has promised to act and produce cuts in home costs. So far, there is no evidence of this, and it is felt that the only way it can cut a new home cost is to control the price of land.

Land development and subdivision is also running at high levels. An instance of this is in one area of Queensland which, it is said, will need a population of about 2m. people to absorb the blocks of land already subdivided. The City of Brisbane has less than half that population, and the whole State only 1.8m. people.

It is true that some of the major city centre developments have been cut back following the Government's new rules on foreign capital. But development groups with their own building divisions, like Mainland Corporation, have already begun to counter by extending their interests abroad. Mainland already operates in the USA, Hawaii, New Zealand and Indonesia. Others have been quick to raise local capital.

But the major problem of the building boom has been its effects on labour, particularly following the cutback in immigration. Bricklayers are reportedly earning as much as $A500 a week and generally looking only at the easier laying jobs. Contractors complain that they are at the mercy of tradesmen and dare not fall out with them.

For the Government, one of the less pleasing aspects of the current building programme, with its emphasis on commercial development, is that it has syphoned resources, both capital and labour, from hospitals, schools and other socially desirable projects. The Government has made it clear that it intends to redirect both resources to suit its needs.

Stock at a cattle show at Singleton, New South Wales.

Farm incomes should make up lost ground

By J. O. CHERRINGTON, Agriculture Correspondent

Exports of rural origin make up 50 per cent. of Australia's overseas earnings and will be a significant factor in the country's economy for many years to come. But it should also be remembered that the climate is harsh and arid and that the success of the agricultural industry is due entirely to the genius of the participants in adapting themselves successfully to their unpromising environment. In this they have been helped to a greater or less degree by successive governments, which have provided the opportunity to make the most of their assets.

It's important to remember just how essential good government is in this regard.

Argentina for instance, which is very much better endowed with natural advantages, has an agriculture which is producing far below it's true potential; this is simply because the same political and commercial stability does not exist there.

Nevertheless Australian farming had been going through a rough time of low prices throughout most of the 60s and early 70s. So the rise in world prices of practically all commodities except dairy products, means that in the short term at any rate farmers should be able to recover some of the ground they lost in real income terms through the last decade.

Farm incomes are expected to have risen from $A1,150m. in 1971/72 to $A1,950m. in 1972-73 with the prospect of a further rise in 1973/74. This has, however, no more than halted the growing disparity between prices for Agricultural products and those that farmers have had to pay for their inputs. The rise in farmers' incomes has not passed unnoticed by the Labour Government which hoped to reduce subsidies to the agricultural sector. These directly and indirectly amount to between $A400m. and $A500m., and use these funds for assistance to urban communities.

However, apart from a reduction of the direct subsidy to the dairy industry, there seems to be little likelihood of any further reduction. Rural interests arguing that the subsidies, as they are at present, simply compensate farmers for the tariff benefits accorded to urban industry, and for which they pay on their supplies of machinery and other requisites.

More confidence

In fact paradoxically the very prosperity of farming could lead to further subsidisation. There is a subsidy of $A12 per ton on superphosphate and $A80 per ton on nitrogen. It is estimated that the usage of superphosphate will rise by 1m. tons to 5m. tons in 1973/74 and the subsidy for nitrogen is also expected to rise. Farmers have more confidence, and so are prepared to invest their own money in increased productivity to a greater extent than before.

A further indication of the improving financial status of farmers has been the reduction of the ratio of debts to assets. This reached a peak of 218 to 100 in 1971 and has now fallen to 203. There are two ways of looking at this because in certain circumstances it could mean that farmers were lacking in confidence to reinvest. But in all probability it simply indicates that the high prices allowed the hard pressed sections of the industry to liquidate their immediate debts, which in some cases had been almost written off by their creditors.

GROSS VALUE OF RURAL PRODUCTION

	1969-70 $A000	1970-71 $A000	1971-72 $A000	1972-73 $A000
Total crops	1,511.7	1,524.0	1,620.0	1,500.0
Total livestock	2,378.1	2,095.9	2,377.8	3,451.0
of which wool	735.2	537.5	663.7	1,329.0
Cattle slaughtered	627.5	642.3	717.3	1,040.0
Sheep slaughtered	214.4	178.4	216.5	299.0

SELECTED VOLUME OF PRODUCTION

	1969-70	1970-71	1971-72	1972-73
Wheat m. bushels	387.5	289.9	312.7	243.0
Wool m. kg.	923	886	875	770
Beef and veal (000 tons)	994	1,031	1,149	1,445
Mutton and lamb	743	812	941	775

The recovery has been led by wool, output of which has doubled in value in the past year to A$1,329m., and from cattle which enjoyed a rise of about 50 per cent. to $A1,040m. Sheep, mutton and lamb showed a small increase of about $A80m. During the same period the value of crops actually fell by about $A120m.

The significant thing about these figures is that the return in income was not, with the exception of beef and veal, accompanied by any increased production, but by a decline. This was especially marked in wool which fell by 100m. kilos to 770m. in 1972-73 and is expected to fall slightly during the current year. But there is at the same time evidence, through the reduction of sheep slaughterings in the last period, that flocks are being replaced.

Grain production, due to a long period of quota restrictions and drought, had fallen to the lowest levels for many years in 1972-73, but the virtual removal of the wheat quota, and the encouragement of higher market prices, has led to greatly increased plantings for 1973-74 which should ensure a marked revival in output unless droughts or other natural disasters intervene.

The output of beef and veal reflects the growing importance of this side of the industry. This has now risen from approximately the British figure of 990,000 tons in 1969-70 to 1,445m. in 1972-73.

The growth of the national herd slowed down from the 8.7 per cent. annual increase between 1967 and 1972 to 5.8 per cent. in the last year and now numbers some 29m. head. This would seem to indicate that the period of very rapid build up of cattle has now been passed, and output of beef and veal could remain at the present high levels for some time. A rough guide to the output of beef under Australian conditions is that each million cattle in the national herd produces about 50,000 tons of meat annually.

So the prospects for the rural sector look promising for the immediate future but there are several important factors that must be considered.

The recent surge in commodity prices instead of being permanent could be the result of short term phenomena, such as the pressure of Russian demand for grain on a world market which was suddenly short of a comparatively small proportion of total production. The consequent run down of stocks in all the exporting countries has been compounded by speculation in grain futures. But its probable that a reduction in Soviet purchases or even a modest increase in output in the main producing countries, could make the picture look completely different within a year or even less.

EEC protectionism

In spite of the shortages there has been no sign that the main importing countries in Europe, particularly the EEC, have the least intention of relaxing the import restrictions which protect their own farmers. There has been no significant change in the overall situation reported in an FAO report last year, which was that most commercial crops, grain, oil seeds, cotton and wool, everything in fact but beef and veal are likely to be in oversupply by 1980. This prediction which has been made in various forms over the last few years looks nonsensical at the moment. Particularly compared with other FAO reports which take the view that world production resources are unlikely to be able to feed the hungry multitudes that are being born daily, hourly, or every minute, depending on the stridency with which these predictions are made.

What none of these advocates of the need for continual increases in production seems to remember is that hunger alone, unaccompanied by cash, is no use as a market for food. This applies particularly to Australia, where distance from the rich consumer centres of the West is aggravated by the fact that the inhabitants of the country's natural markets in the Pacific and the Far East are not in general wealthy enough to buy at prices which would keep the Australian farmers solvent.

There is a danger that too much enthusiasm will be generated for the further development of the cattle industry, which statistically looks to be the most promising sector. The results up to now have been spectacular, but it must be realised that exports on which this prosperity is based have been, until very recently, circumscribed by quotas in the U.S. and Japan and subject to levies and tariffs in Europe. World cattle stocks are rising again, and prices have been falling in the main European markets. These obstacles could well be re-imposed once more.

Australian beef exports have up till now been of the manufacturing grades, essential to the trade, but priced in normal times far below those of quality for direct human consumption. There is no doubt that better quality beef could be produced in certain areas, but this would need a considerable investment of resources and the provision of supplementary feeding which would require a high rate of return to make viable.

There seems to be no doubt that the swing to beef at the expense of sheep, which was of course aggravated by the low wool prices through the sixties, has been one of the causes of the surge in wool prices, and the current wool boom will probably check any further decline in sheep numbers. This could be all to the good, because in agricultural terms, the further development of cattle numbers could profoundly affect the balance of pastoral farming.

This is basically because cattle are much less economical in their use of feed resources, and while they are excellent converters of some forms of natural feed, they are less drought resistant than sheep, and less demanding of labour. This means light stocking both of animals and human beings, and a wholesale conversion to cattle ranching could well depopulate many pastoral areas of the country.

The outlook for the dairy section is at the moment likely to be restricted to the growth of the local market as most export outlets seem to be shrinking due to Britain joining the EEC and the butter mountain overshadowing the scene. The Government and even some farmers are at last beginning to recognise this and its generally believed that the restructuring of the dairy industry will accelerate with the main centres of production being fostered in such places as Southern Victoria where the climate is more suitable to dairy farming. However, dairy farmers are fighting any reduction in their guarantees with determination, and they are a powerful political force. Being largely small scale operators they would not have the opportunities of diversifying into beef and sheep production.

Fruit industry

A serious question mark hangs over the future of much of the fruit industry—apples, canned fruit and other products face serious restrictions once Britain becomes a full member of the EEC at the end of the transitional period. Much will depend on the success of British attempts to liberalise the more protectionist facets of the Common Agricultural Policy because it does not seem as if alternative markets are available at present.

The only exception from the Common Market threat which affects every commodity except wool appears to be in the sugar sector, where the country's quota exported to Britain is due to be phased out in 1975. At present the world price of sugar is well above that of the International Sugar Agreement and there is every chance that unless production in the European beet growing areas rises unduly the whole of the British quota could be absorbed by the world market at seasonable prices.

While bankers fear controls . . .

By CEDRIC JAMES

Australian banks, merchant banks and finance houses face a tougher and more challenging time at present with the prospect that the Labour Government will be taking steps to bring the financial community under greater control and supervision.

In part this increased control will stem from Treasurer Frank Crean's desire to restrain the booming economy and fast increasing rate of inflation. But ideological considerations are also well to the fore. The Treasurer has given notice that merchant bankers, finance companies and home building societies may expect increasing Government intervention into their affairs and has ordered an internal inquiry as to how this may best be accomplished. It seems certain that more will be heard before the year is out.

High liquidity

The trading banks have just completed a financial year in which they have benefited from almost the complete freedom from restraints in lending at a time of high liquidity and when consumer demand after several years of flatness progressively rallied and reached boom conditions in the early months of 1973.

That the banks were willing and able to take advantage of such conditions to expand their operations is reflected in official figures compiled for the year to June 30. New lending approvals by the banks totalled a record $A5.496m. to almost double the level of the pervious year. Demand rose as the year progressed first reflecting moves to control and restrict overseas borrowing by companies and the inflow of funds in Australia which led to a greater call on the banks for replacement funds; and secondly, the increasingly active economy generated the need for more bank finance. As a result bank advances totalled some $A7,088m. at the end of the year—an increase of $A1,831m. on the previous year and completely dwarfing the $A487m. rise in advances recorded in 1971-72.

Deposits also expanded sharply with a gain of $A2,602m. to $A10,321m. contrasting with a growth of only $A807m. the previous year.

The sharp expansion in bank lending to meet rising demand for consumer finance caused the Treasurer in April to take the first step to put a brake on bank lending by calling up one per cent. of deposits of the banks to the Statutory Deposit Account with the Reserve Bank. The placement of funds with the central bank at a nominal rate of interest involved only about $A100m. and was more of a psychological warning that the Treasury was becoming concerned about the rate of growth in the economy than much else.

One effect of this however was to increase the demand for new bank accommodation at a time when expansionary forces in the economy were leading to increasing use of overdrafts. Thus by the end of the year advances were running at a rate of $A234m. in contrast to a rise of $A84m. the previous June while new lending commitments (but not drawn) were averaging $A132m. a week and overdraft limits gained $A273m. to total $A9,337m.

These figures plus indications that the inflation rate was increasing sharply led Mr. Crean to announce a further call up in deposits into SRD account, amounting to a net 1.4 per cent., and more significantly, a request to the banks to cut back on their new lending. Immediately in prospect is a reduction from $A132m. to around the $A100m. a week level which would still be comparatively high considering that about 18 months ago the weekly rate was only about $A30m. However the banks are concerned that this may only be the beginning.

Deficit financing

For with the Government opting for deficit financing in its Budget as a means to meeting some of its election promises made in late 1972 when the economy was in a more subdued situation, indications are that there will be more money eventually flowing into the banking system during the coming year.

In this situation, the banks fear that monetary policy—and specifically further calls to the frozen deposit account with the Reserve Bank along with directions to again limit lending—will be the Treasurer's response to meet pressures caused by an inappropriate increase in Government spending in the coming year.

Official economic strategy appears to be a transfer of resources away from the productive private sector into the less productive Government sector and the banks fear that they will be caught at the centre of this. Further they feel that they will bear the brunt of moves to curb the private sector should the Government not be in a position to restrict lending policies of rival institutions. However, at this stage, while it appears that the banks will have to contend with a tighter monetary situation than was the case last year and rather less freedom in their lending policies, they still should have a reasonable period so long as the economy remains buoyant. There is certainly no evidence of any slowing down at present and many observers believe that the consumer boom which is reflected in record retail sales, waiting lists for electrical appliances including refrigerators and washing machines and a sharp upturn in motor vehicle purchases, will continue well into 1974.

During the past 18 months or so there has been a distinct improvement in the competitive position offered by the banks both in the borrowing and lending operations. A feature has been the banks willingness to move heavily into the term loan business—as distinct from overdrafts—to substantially increase personal loans, handling bridging finance in building operations and in some cases to seek corporate finance business from customers.

While recent conditions have favoured the trading banks, the merchant bankers by contrast have found operating conditions becoming increasingly more difficult and the outlook for many is a reappraisal of operations to determine just what they are all about.

. . . merchant banks seek groundrules

An important factor is that merchant banking in Australia is still very much in its infancy and in truth the groundrules of what constitutes a merchant banker still remains to be laid down. At present anyone can hang up his shingle and call himself a merchant banker and this state of affairs is producing unfortunate results in the image projected by the group as a whole.

There are possibly 90 so-called merchant bankers seeking business at the present time, of which about 60 would better be described as wheeler dealers or opportunistic entrepreneurs which are largely intent on "doing their own thing." Of the remaining 30, some would better conform with the British idea of intermediate banks leaving only about a dozen which might be said to offer the full range of services more commonly associated with a true merchant bank.

An innovation late last year was the formation of two associations aimed at raising the standard of the profession and sorting some order out of the chaos of rate cutting, sloppy lending policies, reduced standards of credit rating along with very uneven standards of expertise to the point where few merchant banks will accept the work of another in projects requiring syndicate financing — they are generally obliged to rework the figures.

The Issuing Houses Association of Australia comprises seven members primarily concerned with underwriting, corporate finance, fund management as well as having money market operations and is chaired by Sir John Marks, chairman of Development Finance Corporation. Other members are Australian United Corporation, Darling and Company, Ord-B.T., Hill Samuel Australia, International Pacific Corporation and Capel Court Corporation.

Second group

The second group, at present involving 18 members including the above companies or their subsidiaries, is the Accepting Houses Association of Australia and largely reflects companies whose main concern is in money market operations. Members are Australian United Acceptance, Capel Court Corporation, Darling and Co., Delfin Industrial Finance, International Pacific Corporation, Ord-B.T., Tricontinental Corporation, Australian European Finance Corporation, Australian International Finance Corporation MBC International, Martin Corporation, Partnership Pacific, A.M.P. Acceptance, Euro-Pacific Finance Corporation, Citinational Securities Corporation, Commercial Continental, Westralian International and Hill Samuel.

So far both associations appear to have operated in very low key and in fact there is disappointment among some members that they have not done more development work at industry level or to promote the standing of the merchant banking fraternity in the financial community and with the new Government. At least part of the reason for this stems from the sharp change in business conditions confronting members over the past year and in particular the consequences of steps taken by the McMahon and Whitlam Governments to limit capital inflow into Australia with the aim of running down foreign currency reserves and protect the Australian dollar against speculative pressures.

Various moves taken on this front since last October, resulting in the complete ban of loan funds into Australia for a term of less than two years and calling for lodgement of 25 per cent. of loan funds with the Reserve Bank interest free on loan funds for a longer term, have resulted in the virtual drying up of this money flowing to Australia. This in turn has meant that the *raison d'etre* for some organisations which had been especially formed to bring foreign funds into Australia for development ventures and the like has now simply disappeared.

Companies such as the Australian European Finance Corporation, the Australian International Finance Corporation, Euro-Pacific Finance Corporation and even Partnership Pacific which had concentrated largely on the mobilisation of funds abroad, have now been obliged to turn their attentions to the local market and attempt to build up money market operations from scratch. Competition from these and other companies has disturbed operations of the more traditional firms operating in Australia and more than ever there is probably need for rationalisation of the field and to lay down standards of operations especially in money market and commercial bill fields.

In the corporate finance and takeover advice area business has also tended to become tougher reflecting the Government's anti-foreign takeover stance which has resulted in companies such as Slater Walker of Britain and Industrial Equity of New Zealand which had initiated a number of takeovers in the past, now finding themselves severely limited in making new overtures.

In addition restrictions placed on foreign companies from investment in new property for both foreign exchange and national reasons has also tended to limit opportunities for the merchant banks. Some Australian concerns, however, such as Development Finance Corporation which is tending to specialise in certain areas of corporate advice, in this case in advising and rationalising the retail trade, are building up strong reputations and at the same time carving out a reliable portion of business. Generally, however, clients of the merchant banking industry tend not to have a sense of loyalty to any one firm — at least at this stage — and the backing of even the most prestigious overseas name in a local concern is no guarantee of success. The client attitude is very much one of "what have you done for me in the past six months or a year?" or "what can you do for me in the next six months?" If the answer lacks positiveness there are plenty of other firms which may be approached and are only too willing to handle the business. This points up the need for more expertise in the industry rather than more merchant bankers and because of the varied demands made of the banker in Australia, those following the profession probably need to be more astute and certainly quicker off the mark than their overseas counterpart.

Widened scope

Hardly helping the merchant banks at this time is the growing trend among the finance companies to encroach on some operations of the merchant bank in an effort to widen their scope of business. The boom in real estate of the last three years has resulted in many companies moving heavily into this field along with the more traditional provision of bridging finance for projects. In addition there has been a growing trend for companies such as Industrial Acceptance Corporation to participate in the financing of property ventures and property companies and to provide finance in exchange for equity participation in takeovers especially where the aim is rationalisation of assets.

This will probably receive increasing attention from the financiers during the coming year. In the meantime, profitability of the group continues to run at a very high level and the growing consumer boom—especially in the traditional motor industry and electrical appliance fields—should ensure a further strong if competitive year in prospect.

The blight on the horizon is the threat of increasing control from the Government over companies in the finance field and in merchant banking and the permanent building societies. Speculation as to how this might be accomplished ranges from the Government requiring a proportion of funds deposited with them to be lodged with the Reserve Bank on the one hand to Government insistence that these groups lodge a stipulated proportion of funds into Government securities which may be varied up and down as economic activity warrants. However, both these suggestions would be inflationary in that they would probably oblige those involved to increase interest charges to offset lower rates received from the Government on funds which were lodged with it.

This factor may cause Treasurer Crean to pause before moving for control since he would be unwilling to exacerbate inflationary pressures by a further sharp increase in interest rates—indeed he is already uncomfortable with the present structure.

Securities market under a cloud

By MICHAEL SOUTHERN

It is certain that the Federal Government will intervene more and more in the money and capital markets in Australia. They have said they will, and already have begun looking at the finance companies and building societies. The Stock Exchanges are also an area in which there will be greater government influence under Mr. Whitlam.

The idea of some form of Securities and Exchange Commission for Australia is now widely accepted, it is just a matter of when and how it will happen. The Senate Select Committee on the Securities Industry's report to Parliament is long overdue but is expected to contain the basic framework for the new government body.

There are few nowadays who argue against such a body. For a while, there was enormous opposition to the idea, with the securities industry confident that it could run its own affairs. But the boom of 1969 and 1970, the losses that followed, the malpractices that took place during the boom and the collapse of several broking houses put paid to all that.

Resolving the problems of the stock exchanges is no easy matter. There are seven attorney generals each representing his own government's interests. Moves for uniformity are constantly made but, as amendments are made to a uniform code by each state government, the system breaks down. It is now felt that the States are willing to hand over power for control of the stock exchanges to the Federal Government; if so it will be a time for great rejoicing in that one of many major obstacles will have been overcome.

Other problems lie on the horizon. A major one is still the fact that the Australian share market is thin. On June 30, 1972, the listed value of Australian ordinary shares was $A23.8 billion and turnover for the fiscal 1971-72 year was valued at $A1.749 billion. Figures from the Australian Associated Stock Exchange show this as representing a market liquidity of 7.5 per cent. compared with 45.5 per cent. for Tokyo in the calendar year 1972, and 18.3 per cent. for New York and 16.7 per cent. for London. Once the British pull out as they have done, this problem becomes even greater.

Like a casino

The thinness of the market is explained to a large degree by the fact that it has for so long been more of a casino and, as the boom period showed, there was no-one with any responsibility to ensure fair play. Furthermore it is a very closely knit casino.

It is the brokers who underwrite the new share issues, and the brokers who hand the shares out to their selected clients and then buy and sell them on exchanges for their clients. Public issues simply do not exist. Instead, one receives a prospectus from a broker (only if one is a client) sometimes indicating the shares that have been allotted or in less likely floats, asking the client to indicate how many he wants. The public at large cannot get in until the shares come on to the market. During the boom, this system basically meant that brokers were handing out money to clients as shares hit the market at a premium. Now, there are constant complaints about the fact that the public is not buying shares. The fact is that the public at large is not interested having been treated as secondary to the cliques of clients when there was money to be made. With so many people having lost money during the boom, and cases of manipulation having been publicised, there is a basic distrust of the market among many people.

The industry was slow to recognise this, but at least, it has done. Two years ago, the Australian Associated Stock Exchanges, a national body to which the various city exchanges paid little money and some lip service, was expanded to become a proper national secretariat with a full-time president, Mr. Michael McAlister.

Since then the idea of a single national stock exchange has been floated, and now accepted by the exchanges. Moves towards this are already in train, with a single journal replacing the multiplicity of journals that once existed. Uniform trading rules are now becoming a reality, as are rules regarding company formation and listing, and reporting methods, particularly for the mining and so-called mining companies.

There are many problems. Communications are one, and the establishment of a central information bank for the whole country another. Further, without a single Federal Companies Act for a single Federal Securities Industry Act, the project flounders. And, it will still have to be made clear just how much division there ultimately is between the Government-sponsored national securities body and the self discipline that the AASE feels it can impose. Indeed, it may be a case of too many controls and far too late.

Plan blocked

There are many other factors which inhibit growth of the stock market. There is a mistrust of a socialist Government in Canberra among investors, the business community and overseas investors and one only has to see how rapidly the British sold out of this market to see this. Also plans that Mr. McAlister once made for development of Australia as a major international centre have been more than blocked by the Government requirement of a 25 per cent. interest free deposit on incoming loans and investment capital.

Mr. McAlister's plans for an international money market would clearly have been reflected by increased stock exchange activity. The basic requirements of stable government, expertise and so on remain. What is now notably absent is a government willing to co-operate.

Further development of the stock markets is being seriously inhibited by the ban on short selling. The ban was again an over-reaction to a situation involving some shady deals—and that does seem to be the real trouble with this market. It is constantly over-reacting rather than rationally approaching.

At a time when liquidity is high, the stock market is languishing. The public is simply not directing its massive savings into this area.

The lack of clear statements on social and economic objectives by the government is partly responsible for this, coupled with the public's mistrust of the share market place.

We know that the government is going to do something about the mining industry, about the finance industry and the insurance companies, about the building industry and about industry in general. But what?

Watershed in home loans

By PETER DUMINY

Australia's building societies are unmistakeably Australian. They have a rough and ready quality, but they seem to work. In fact, by some yardsticks they have worked very well indeed, contributing increasingly and generously to the realisation of the most universal of Australian ambitions—home ownership.

Their funds, amounting to some $A2,200m., may still seem a relatively small proportion of the total assets of Australian financial intermediaries. At the last unofficial central bank census, in 1971, they comprised 8 per cent. But they had been growing at an extraordinary rate.

The average annual compound growth rate of building society assets increased from 10.8 per cent. in 1960-63 to 12 per cent. in 1963-67, to 21.1 per cent. in 1967-71. Then, in 1972, there was a 50 per cent. jump in public savings mobilised by the movement, and for the first time they became the primary source of home finance. In 1972 building societies lent out $A974m., against $A800m. advanced by the much larger and more venerable savings banks (which command about 21 per cent. of the country's financial assets).

This year there has been an astonishing switch. The building societies have come to an almost complete standstill. There was actually a decline in public support in April and May, at least in New South Wales where the movement has always been strongest (the state is the home of more than half total building society assets).

The nature of the phenomenon has yet to be completely identified. But there are reasons to suppose the building societies have reached another watershed as significant as that which caused them to flourish in the 1960s and early 1970s. Only on this occasion events have conspired to make the change come suddenly, whereas previously it took time for the societies to maximise their favourable opportunities.

Privileged access

Growth of the building societies was in the final analysis guaranteed by their privileged access to the money market, specifically in the fact of their being free of burdens and restrictions imposed on their main competitors, the savings banks. The nationally operating banks, for instance, are required to maintain 60 per cent. (at one time 70 per cent.) of their assets in liquid or low-yielding Government securities, effectively limiting what they can afford to pay for funds to, at present, a nominal 3.75 per cent., and less in practice because interest is calculated on minimum monthly balances.

By contrast, the 190-odd building societies have only to keep liquid asset ratios of 10 per cent. or even less, depending on where they are registered and operating. They are incorporated under State (as opposed to Central Government) laws, which encourage them to put the bulk of their funds into bricks and mortar. The going rate for first mortgage money is 7.75 per cent. upwards, which has enabled the building societies to pay 6.5 per cent. and more to attract savings their way.

Building societies were generally freer to lend as much as they liked to individual borrowers. In addition they were in a position to exploit the possibilities presented by mortgage insurance when this was introduced to Australia in the mid-1960s — that is, it became possible to give 95 per cent. loans with impunity and the societies were not prevented by stultifying regulations from doing so.

Success, when it came, had a snowballing effect which appeared to be arrested only when, early this year, the societies were so flush with funds and so outwardly self-confident, that the majority cut their borrowing rate by 0.5 per cent. (to 6 per cent. in NSW).

This was an error of judgment, the enormity of which was acknowledged when, on July 1, the building societies restored the higher rates again. However, rather than jeer at their mistake, it would be fair to consider whether they had really had much choice.

Could not ignore

By the end of 1972 two things had happened which the movement no doubt felt it could not ignore. One was that building societies had grown too fast — and perhaps too big — for their own good, in the sense that the banking industry had begun to protest and demand some clipping of their wings.

The second was that the Australian Labour Party came to power in Canberra, with known preferences for centralised supervision and cheap money, and corresponding prejudices against the loosely organised and seemingly high-interest-based building society movement.

Thus it was small wonder the societies decided it was time to cultivate a lower profile, and if possible to cool hostilities with one or both of their powerful foes. No doubt these considerations weighed more heavily than risks of either generally tighter credit conditions and/or public discussion of building society practices which might cause investors to reconsider their evident satisfaction with the movement.

Subsequent events must have reassured anybody who had lingering doubts about the movement's essential stability, or will do so when the full story is told. The NSW societies took a battering between March and July, with new deposits falling and withdrawals rising, portending a classical demonstration of the theoretical unsoundness of borrowing short to lend long (as Australian building societies, like all others, habitually do).

But there were no disasters. And there have turned out to be a good few reasons why the movement may consider itself impregnable.

A building society's first defence is to curtail lending—a considerable cushion where, as in NSW, new loans approved usually run to tens of millions a month (in fact they were slashed from $A58m. in March to $A19m. in April and less in May). If that does not suffice, or in tandem, it activates its stand-by facilities with the commercial banks, which for the industry must also run into many tens of millions (Australian banks have not allowed their hostility to building societies to stand in the way of stand-by facilities, on which of course they have earned revenue).

Other defences include lifting interest rates and getting help from other societies (this year including, probably for the first time, some short-term loans from societies in other states not similarly embattled). Building society men make a virtue of the clubby atmosphere in which they operate, pointing out for instance that three small NSW societies were quietly swallowed up by stronger members of the industry in the past year, when it looked as though they might be heading for trouble.

Finally, though they do not like mentioning it, building societies in some States (including NSW) are in the last resort entitled to protect themselves by declining to pay out more than they are getting in. Needless to say, it could be a savage blow to confidence in the movement were it ever necessary to activate this safety procedure. But it exists all the same.

In the light of all this there may well be some doubt in the public's mind as to why the Central Government should want to intervene. The reasons the Federal Treasurer tends to give are, first, that interest rates could be lower (implying that if building societies were as respectable as the savings banks, they too would be able to attract their funds at under 4 per cent.); and, secondly, that more control is called for over loans to management and other such incidentals than appears to be exercised at the State level.

There is, in fact, a more profound reason for Treasury control, namely that it may be seen as the Central Government's bounden duty to arbitrate between the competing demands on the community's savings of Australia's various financial intermediaries. Of course, it can be said to get the priorities right to accord the building societies their present freedom from restraint, that is, privileges. But that would be to ignore the true nature of the market mechanism applying to home ownership as much as to cabbages. In brief, the creation of more effective demand (by allowing funds to be easily mobilised) is at least as likely to drive up prices (of land and dwellings) as to provide greater utility (more homes).

On that analysis, the building societies' great misfortune is that they are now too big for their impact on that equation to be ignored.

PROPERTY

Uncertain time for the developers

By DOUGLAS MARCH

Environment has become a key area of concern for investors and developers involved in the metropolitan areas of Australia. There are now air pollution devices installed to allow the media to give out daily broadcasts on the state of the atmosphere, while the problems relating to the discharge of fumes, smoke and noise are all becoming subject to stringent regulations.

In addition, and more serious for the downtown property developer, are the moves to improve the visual environment and provide more open space. Building bulk, plot ratio or site coverage, call it whatever you will, now appear to be the property man's *bête-noire* and in many cases they are threatening the viability developing large schemes. Yet building efficiency and economy and stabilising rents are strengthening the resolve to assemble large development sites.

Strategy plans are being prepared for Melbourne and Adelaide central areas, and the City of Sydney is about to embark upon the first revision of its plans prepared two years ago. Heavy stress is being placed upon the need to maintain or improve the Central Business District (CBD) environment, although there are signs that the emotive context of the term could lead to some disconcerting decisions for both the investor and the public at large.

To some extent this tendency is becoming manifest in the policies being bandied about regarding metropolitan transport systems, especially as they service the central business districts. Recently the Victoria State Cabinet radically revised it proposed freeway network, and attracted criticism that the amended system was confusing and would do little to improve either the inner or outer metropolitan movement situation. Federal Ministers are chorusing strongly about the need to upgrade public transport facilities and usage in Melbourne and Sydney in particular, with an indication of their preparedness to back their statements with finance. While it is widely acknowledged that the existing rail services could be significantly improved in quality and efficiency, little mention is made of reported estimates that over 85 per cent. of CBD workers in the two major cities are already using public transport.

The NSW and Victorian governments are both pressing ahead with new metropolitan underground rail developments. While the Eastern Suburbs link in Sydney may well alleviate pressure upon public bus transport to and from the Central area, the Melbourne Underground Loop would at first sight appear to be merely aiding traffic circulation within the Central Business District and not to or from it.

Transport systems

While speculation surrounds the means of sorting out the problem of providing acceptable transport systems for central area workers, further speculation concerns the future of the very CBD's themselves.

Part of the platform of the Australian Labour Party was the redirection of metropolitan expansion to decentralised growth centres. Since assuming office, the Minister for Urban and Regional Development Mr. T. Uren has initiated feasibility exercises for some dozen potential growth centres.

State Governments have or are in the process of, determining their own priorities in this matter. For instance, South Australia has nominated a virgin piece of country entitled "Monarto" for development as a new town, while Albury-Wodonga on the border of NSW and Victoria has received the blessing of the Commonwealth and both State Governments.

Although these decentralisation policies are being enunciated and land acquisition procedures set in motion, the $64,000 question remains—how are metropolitan Australians to be persuaded or coerced into leaving behind the social and cultural convenience and opportunity of metropolitan scale for smaller, and in most instances, non-seaboard centres? Incentives offered to industry in the past have had mixed success, and besides most large-scale employment operations such as steel and automobile complexes which are few in number, are already entrenched in existing locations.

The proffered solution is to relocate tertiary sector activity, with Government offices as the leader. Relocation of Government functions and workforce, providing the communication arrangements are sound, is feasible, and as demonstrated by Canberra, does work as a base ingredient for urban growth. Yet which Minister wishes to be located several hundred miles away from his Premier? Which public servant is going to leap at the opportunity to leave his long-established family and social connections for an isolated centre "in the bush"?

Frequent mention is made of the "growing urban crisis" in Australia, accompanied by assertions of increasing pollution, traffic congestion, and crime rates. Yet there does not appear to be widespread concern manifest in practical or positive action by the "average" large city dweller and worker.

Decentralist moves

Apart from the political and social effort required to relocate population and workers, central area authorities, retailers, and property investors see a threat to the viability of their sphere of influence in these decentralist moves. Accordingly they are either campaigning to strengthen their cause while being careful not to incur the displeasure of the "environmentalists," or have been looking around for alternative investment possibilities. While the trend in central area land values is still upward, it has over the last twelve months been showing signs of flattening out. Rental levels have been particularly sensitive to these forces.

To some extent a tug-of-war has consequently developed among metropolitan authorities, local councils and the developers. While instrumentalities concerned with water, transport, housing, education, etc. are trying to reconcile competing priorities for inner and outer metropolitan development, central area councils are vying with their counterparts in outer area "sub-metropolitan" nodes for commercial development investment. The dilemma for the developer is whether to continue investing in a souring central area property market, take a punt on the future growth of a sub-metropolitan node, switch into some alternative form of property investment, or foresake the property field altogether for the time being.

It is not surprising therefore that the whole question of metropolitan management is being opened up. Quite apart from the reconciliation issue already mentioned, there are moves to "regionalise" local government areas by combining existing local government areas in the interests of operational efficiency, political voice, and possibly expanded functions and responsibilities. Abreast of these events is the ever-increasing pressure from the community to be involved in the governing and decision-making process, and the taking of more militant action by unions as custodians of the "environment." Building unions in both Sydney and Melbourne have refused to work on particular projects, largely in response to public pressure against the nature of the proposed development or to preserve historic buildings. This type of happening is increasing the financial hazards confronting the established property developer.

Nevertheless, despite all of these forces and signs, the blind faith in central area property development, and in particular office buildings, appears to persist. "Glut" is the word which has retained its place in this game over the last three years. Within the next three years office floor space projections indicate an oversupply of 9m. square feet in Sydney, over 5m. in Melbourne and around 800,000 in Perth, with Adelaide and Brisbane perhaps a few hundred thousand square feet ahead of demand. Land price trends have altered little in the last twelve months although the overall rate of increase in average composite purchases has shown signs of slackening. Rents on the other hand have stabilised or have actually fallen in response to the oversupply. Many falls have been of the order of 20 per cent., with resultant strong competition among older or "second round" core, fringe space such as St. Kilda Road or North Sydney, and outlying sub-centres such as Dandenong and Parramatta.

Return halved

As a consequence of the pressures and uncertainty created by the factors of environmental concern, transport planning, decentralisation policies, management conflicts, and office space oversupply, the property investor is now finding the reliable 9 to 12 per cent. return of a couple of years ago almost halved in some of his feasibility exercises. Unless he can still find that strategic location at the "right price" or has a major key tenant signed up, he is forced to look for other avenues for investment. The area of uncertainty has been componded by recent Commonwealth Government noises to the effect that they will seek to lease less and build more themselves, and also by the curbs on use of overseas capital which was largely responsible for the at least temporary demise of the large City Square Project in Melbourne.

Speculators and property investors have been very acti[ve] over the past 12 months in t[he] industrial and residential la[nd] field. However, with new ind[us]trial land in Melbourne a[nd] Sydney being absorbed at a r[ate] of generally less than 600 ac[res] per annum and increasi[ng] pressures for decentralisati[on] of industry location, the sc[ope] for this market is limi[ted]. Although some spectacu[lar] capital appreciation and he[fty] gains on transactions in r[esi]dential land have been achie[ved] over the past five to ten yea[rs] there are signs that t[he] bonanza is coming to an e[nd]. Already the South Austral[ian] and Western Austral[ian] Governments have taken dir[ect] action to curb prices for met[ro]politan residential land; p[lanning] proposals for remaining capitals contain si[mi]lar policy intentions.

Despite the complexity [and] uncertainty surrounding [the] property investment market [it] is difficult to escape the c[on]clusion that commercal devel[op]ment will still hold [the] strongest attraction for the p[ro]ject developer, that cen[tral] business district land will c[on]tinue to increase in [value] although at a lower real r[ate] than in the past, and that m[ore] office space will be built. H[ow]ever, similarly the intuitive c[on]viction persists that the o[ver]supply and difficult rent si[tua]tion will not magically [dis]appear over the next few yea[rs] and as a consequence seve[ral] major proposals will be ab[an]doned or indefinitely defer[red].

Halt is called to foreign land rush

By NEIL SPIERS

Some years ago a Japanese economist visiting Australia was asked what facet of the Australian economy interested him most. "The overstocking of trout in Lake Eucumbene," he replied.

Perhaps these Snowy Mountain trout eventually became a factor in the Australian Government's decision to restrict land purchases by overseas interests—a Japanese plan to buy several thousand acres of land around Lake Eucumbene was one of the first foreign purchases to be placed in abeyance because of Government pressure.

Reserve bank

This pressure, despite the lack of knowledge of the exact extent of overseas-ownership of land, has stiffened to the stage where the Reserve Bank is deferring applications to bring funds into Australia for land purchases—a situation which has favoured some foreign-owned land groups at the expense of others.

Some overseas-owned groups have taken the attitude, "When there is a law, we'll obey it," and have been using funds held or raised in Australia to continue land purchases. At this stage, the Treasurer, Mr. Crean, has no law to support his wish that overseas interests "should not enter into significant commitments for real estate purchases for the time being."

The law will probably come, considering the great acceleration in overseas purchases of all types of Australian land in recent years. This acceleration has come from the United Kingdom, the United States and Japan, and in the first two cases has been accompanied by a dramatic change in the type of investment being made.

U.K. owners have long held vast areas of Australian pastoral and industrial land, but recent new operations have been mainly commercial developments in Australian cities and suburbs.

American interests have for many years been big holders of industrial land, purchased incidentally to some other operation, but the American pattern has also changed—first into rural purchases and then into specialist property development.

The Japanese are post-war newcomers to Australian real estate. They have favoured rural joint ventures and residential / resort development, although not exclusively. The Treasurer has indicated that foreign purchases of land incidental to some other purpose, such as the establishment or expansion of a factory, will not be affected by controls. This type of land use is so closely tied to industrial development that other controls, on overseas investment in Australian industry generally, will determine how much more industrial land leaves local control.

It is possible that half of the land officially zoned "industrial" in Australia's capital cities is already ov[er]seas controlled (even if ov[er]seas control is defined [as] majority or near-majori[ty] shareholding: the Fede[ral] Government now considers th[at] a company is foreign if the[re] is a single overseas sharehol[d]ing of 15 per cent., a figu[re] established by the previo[us] Government). There is [no] doubt that overseas compani[es] control well over half [of] Sydney's industrial land [by] value, according to industri[al] real estate agent Mr. B[...] McRae of Overmyer Industri[al] Brokers. Mr. McRae, wh[o] maintains extensive files o[n] Sydney's industrial propertie[s], says that in some prime area[s] such as Botany, where IC[I], Total Oil of France, Britis[h] Petroleum, Caltex and Amoc[o] have land near the waterfron[t] overseas control would reac[h] 80 per cent. by value.

The recent expansion o[f] industrial estate developmen[t] in Australia may attrac[t] Government interventio[n]. British companies such as th[e] Lyon Group and MEPC an[d] U.S. groups such as Kais[er] Aetna may be prevented fro[m] buying industrial land fo[r] development and resale o[r] rental—a move which woul[d] certainly be welcomed by thei[r] local competitors.

The Lyon Group, MEPC an[d] Kaiser Aetna's relative Aetn[a] Life have also participated [in] the recent overseas rush fo[r] redevelopments in the centr[al] business districts of Australi[a].

Continued on next page

Official policy sounds costly

By a Correspondent

The surge of Australian economical nationalism—as Mr. Heath described it in Ottawa recently—was related to shipping most forcibly by the Australian Prime Minister, Mr. Whitlam, at that same place and time.

His claim there for a 50 per cent. share of Australian imports and exports in Australian bottoms as the avowed aim of his Government was given much wider publicity than the quieter but still very firm attitudes on this subject shown by his Minister of Transport, Mr. C. K. Jones, since coming to office. Australia, ranking as it does so highly in the world list of traders, carries less than 2 per cent. of its trade goods in its own ships.

Mr. Jones doesn't go quite as far as Mr. Whitlam in making a claim for so big a share. He is happy to stick with the UNCTAD agreed figure of 40 per cent. of cargo in national line ships.

But what of the costs of getting a sizeable fleet together to handle such an increased proportion? So far no one in the present Government has made any suggestions—but at least two figures have been widely put about.

The former Minister, Country Party man Peter Nixon, said that even 40 per cent. would cost the taxpayer $A3,000m. This was the figure computed while he was in office but repeated by him again recently, and would cover the provision of vessels for both the rapidly expanding bulk trade (ores, coal, wheat, etc.) and the high value general cargo liner imports and exports, though probably fairly conservative.

The Australian Financial Review made the other cost estimate — for just one commodity. It reckoned a cost of between $A560m. and $A700m. just to provide enough bulk ships working at maximum capacity to carry 40 per cent. of one cargo, iron ore, to one destination, Japan — based on this year's contracted export figure of 70m. tons.

That is certainly the biggest of the single export commodities but the arithmetic is worked on a basis of acquiring 28 ships which would each do the 14,000-kilometre round-journey ten times a year, paying Australian crew rates.

Grand designs

This is where the grand maritime designs of some sections of the new Government ran into their first stumbling block.

The net disability suffered by Australian flag ships, paying Australian crews, has been computed, again by the Review, at something like $A500,000m. a year on just one 50,000-ton bulk carrier carrying coal to Japan on a regular basis as against a similar Japanese vessel.

These and a number of more complex matters related to the potential dangers from the strike-prone and expensive Australian seamen have been thrown up against Mr. Jones in cautionary terms. At the same time there has also been guarded praise and occasionally genuine enthusiasm voiced for the idealism of Mr. Jones by those engaged in the industry in Australia.

But it mostly adds up to a simple message for the Australian Government, and that is that it will have to match those foreign Governments that subsidise the operations of their national fleets if it is going to honestly compete.

This must be kept quite apart from the subsidies and assistance provided for shipbuilding, as a prominent economist warned recently, and it must be rigorously and carefully scrutinised before any steps are taken.

So far there has not been much nail biting by those who provide the shipping services for the 98 per cent. of cargo not travelling in Australian ships.

The charter market people say they would be happy to see Australian ships into the various ore and other bulk trades, because it would give the Australian Government a better insight into the problems of transporting these cargoes. Such a problem was the labour dispute at a mine recently that left 18 bulkships over 50,000 tons, lying off a West Australian port at one time.

In the liner trades the moves by the Australian National Line over the last few years into the business—ANL now has five ships on overseas liner services, all within Conference structures—has helped the bureaucrats understand the complexities of the operations of such services.

Mr. Jones himself has said that he recognises that the conference system can provide the liner services that exporters require because such conferences effect rationalisation within services in a particular trade, they cover outports properly and they provide stability in schedules and rates. He has also stated that "in pure transport terms" the container services have brought real economies to Australian traders.

Those in the Government who consider Mr. Jones a bit mild-mannered in his approach to these matters tend to lump together all the overseas shipping services under a heading "cartel" and, because of this name, deem it all to be evil, and thus to be eradicated.

Mr. Jones says that while he is not willing to write a blank cheque for conferences he is not going to be the one to put a stop to services that importers and exporters want, and, indeed, he is going to put to UNCTAD the proposition that some international convention for code of conduct of conferences be established.

More rational

So the man who will have the real say in the future of Australian involvement in overseas trades appears to have taken a colder, more rational, line than some of his radical Cabinet colleagues. He appears to want a gradual introduction of Australian ships into the existing set-up.

And the people who pay the bills—the importers and exporters—have remained silent publicly, apparently not wishing to appear too unpatriotic. Privately, however, they admit they're praying for something like status quo, having watched the havoc wrought by the introduction of Australian vessels on coastal trades, and those to and from New Zealand.

As one shipping editor pointed out the other day, it costs more to ship an empty container from Sydney to Hobart, Tasmania, than it does to ship a loaded container from Brisbane to London. And the Tasman Sea between Australia and New Zealand has been long regarded as the dearest stretch of water in the world.

"All this, multiplied into our overseas trade, then given the vagaries of Australian crews seems a bit much for me," was how one prominent wool shipper summed it up. And he reflects so clearly the attitude of all those interested. This ultimately means almost every Australian—with prosperity riding so much on trade.

Mr. Whitlam's shipping polices, noble as they may sound, echo the playing of an economic tune with a very expensive piper.

CONTINUED FROM PREVIOUS PAGE

Foreign land rush

cities. This rush, spurred partly by the prospect of currency gains, came mostly from Britain. And it was a rush, particularly in Sydney. In the 18 months before Mr. Crean's announcement foreign companies bought 23 properties in Sydney's central business district (bringing the overseas-owned total to 180 properties) and were also active in the suburbs. Of the 23 sales, all but one were to U.K. groups (the exception was an office development sold to the Nippon Fudosan Bank of Tokyo). The major buyers were the British Land Corporation, Grosvenor International and the Slater Walker associate St. James Properties. Others included the St. Martins group, Continental Land, Town and City Properties and the Abbey Capital Property group.

Sydney is a typical, if extreme, example. Most of the British groups mentioned have substantial projects in other capital cities, and other operators such as the Hammerson group, MEPC and Artagen have very large projects. The Abbey Capital group is the largest, with Australian projects worth about $200m. in the pipeline.

Very few American groups have operated in Australia with property development for rental or resale as their prime objective. In the cities, American-owned buildings are owner-occupied by groups such as Kodak, Esso or Hoyts Theatres, and the Aetna Life city development mentioned above will be partly owner-occupied. A good example of the differing U.K. and U.S. approach is the IBM Building, in Sydney, which is owned by MEPC.

The biggest American property specialist operating in Australia is Princess Properties, owned by Daniel K. Ludwig. Princess is developing residential blocks at a 3,200-acre coastal property near the NSW-Queensland border, and owns an adjoining 3,000 acres.

The reason the American property specialists have been slow to reach Australia could be a combination of distance and the scope for real estate development in North America (the major Australian-based property company, Lend Lease Corporation, has recently extended to the U.S.).

Residential field

Local companies dominate the residential development field, which has been remarkably profitable recently as soaring land prices boost profits on the sale of property which is sold as home sites or building blocks some time after purchase. There have been a number of English forays into this business, including one by Consolidated Gold Fields, which has a half interest in a company with a 370-acre, $7m. residential project at Port Macquarie, 250 miles north of Sydney.

Through Australian Land Sales Ltd., Mr. Alfred Grant has been selling Queensland coastal land blocks direct to the English public, and this company has been virtually the only avenue for U.K. individuals to speculate in Australian land. There has probably been an overall reduction in the amount of land owned by U.K. interests in Australia during the past few years because of sales of rural acreage. British Tobacco is an example of a purchaser of country properties: but the general trend has been transfer from England to America.

The purchase of rural land has been the striking feature of recent American investment in Australian property. The earliest American investment in Australian rural property only dates back to 1952, according to Mr. Harlan Givelber, an American real estate counsellor based in Sydney. This was when King Ranch went into the local cattle business (mostly on leased land).

Many of Australia's major cattle stations are on leased land, which complicates discussion on foreign control—a hundred-year lease at low rental is not foreign ownership, although some argue that it might as well be. Tipperary Land Corporation, which was floated in the U.S. in 1967, owns Commonwealth leases and occupation licences over 4.3m. acres, with the rental at that time averaging 1¼ cents an acre.

Such cheap rentals add fuel to "keep them out" arguments, even given the fact that Australian money in the amounts required is just not available. The amount of capital needed to make this cheap land productive is reflected in the names of the Americans who now have cattle interests in Australia—such as David Rockefeller, Nelson Bunker Hunt and Daniel Ludwig.

Pastoral land

There are 286,000 square miles of pastoral land in the Northern Territory, according to official statements, of which 74.5 per cent. is owned in Australia, 16.8 per cent. overseas and 8.7 per cent. jointly held. But taking leasehold stations to be "overseas," more than half the tropical "top end" of the Territory, excluding aboriginal reserves, is foreign-controlled. The biggest U.K. controllers are the Vestey group and the Australian Agricultural Company. American names represented include W. R. Grace and Co., Dillingham Corporation, the Midland Texas group, Maritime Fruit Company and individuals such as Nelson Bunker Hunt, Mr. Allen Chase of Los Angeles and Mr. Charles Henderson of Washington DC.

Foreign interests, mainly American, have also been very large buyers of property in the tropical north of Western Australia. Australian Land and Cattle Company, controlled by American Mr. Jack Fletcher, has bought seven stations covering around 5m. acres. Other big buyers include Linkletter Enterprises of the U.S., Kimberley Cattle (25 per cent. Kaiser Aluminum of the U.S., 25 per cent. Placer Development of Canada, 44 per cent. Australian Mutual Provident Society, 6 per cent. Thomas Borthwick and Sons of the U.K.), King Ranch of the U.S. and American Metal Climax (which bought a very large station where it has a bauxite mining venture under study).

Sir William Gunn, whose Brisbane business actively brings foreign rural investors to Australia, estimates that overseas control of rural Queensland would be less than the 50 per cent. figures for the top end—perhaps 20 per cent.—because of less attractive conditions of tenure. Japanese interests have been entering the Australian cattle business in a smaller way, and have favoured joint ventures.

When the Zenchiku company last year became the seventh Japanese group to announce the establishment of an Australian beef-raising venture, it said that 30 more Japanese groups were planning similar moves. The Australian Goverment has since frozen a Mitsubishi move to acquire shares in a cattle company.

The Japanese have also rapidly moved into Australian residential subdivision, particularly in resort areas. Japanese interests are planning a $20m. resort development at Yeppoon, near Rockhampton on the Queensland coast: Kanematsu Gosho has completed about 80 two- and three-storey blocks of terrace-style housing in the Newcastle area of N.S.W., and proposes an $8m. development of similar buildings, to house 500 families, at nearby Swansea.

Perhaps the Japanese would have overtaken English and American buying of Australia if they had been given the chance—there could be few more powerful combinations than mountain trout, Queensland sun, and land-hungry, yen-loaded Japanese property investors now allowed to invest abroad.

Mining industry-Government relations hit rock bottom

By MICHAEL SOUTHERN

The mining industry welcomed the change of government in Australia last December, particularly in the light of promises of a minerals policy: with the previous government, there had been dialogue but no action. With this government, and the Minister for Minerals and Energy, Mr. R. F. X. Connor, there has been action, much of which the industry has found unpalatable, and no dialogue. The Budget measure to remove the tax exemption from all profits from gold mining, and from 20 per cent. of profits from a number of other minerals, including bauxite, nickel, copper and uranium, was a bitter blow. Short-term confusion and uncertainty remain; there has been no full and clear statement of what the Government expects from the industry.

In the last 10 months, the Government's relationships with the mining industry have deteriorated to a point where open abuse between personalities became common. Only in July of this year did the Minister actually meet the council directors of the Mining Industry Council for the first time. But in the period leading up to it, Mr. Connor and Prime Minister Whitlam had spoken of the miners as "hillbillies" or "spivs."

And, in that same period, while policies were being formulated, the Government announced its extension of controls over all mineral exports, announced a "resources policy" which made it clear that Australian minerals (and the need of industrial nations for those minerals), would become an important factor in foreign policy. Exploration companies found that the tax deduction provisions for money spent on exploring were removed, that foreign money was subject to the 25 per cent. deposit plan with the Reserve Bank, and that farm-in arrangements which affected the Australian equity in a company were simply stopped. For a lot of the so-called mining companies born in the boom, this was the final straw. They are simply struggling to stay alive, hoping for some farm-in arrangement, or going into property, liquor shops and other alternative arrangements.

Under attack

As for the established mining groups, they suffered attacks on foreign ownership and the conduct of multi-national corporations and, for a while, saw their revenues decrease as a result of a unilateral revaluation of the Australian dollar last December and a refusal to follow the U.S. dollar down in the early part of this year. Contracts for most were written in U.S. dollars and had no currency adjustment clause. When miners complained, they were again abused by the Government for being bad businessmen in not anticipating the U.S. dollar crisis and not writing their contracts in Australian dollars.

Further, leases in Aboriginal national parks, as they expire, are not renewed. The government has also announced that it will vet new export contracts to ensure that the minerals are sold at "reasonable world prices." The industry had at least hoped that, while the policy was being formed, the *status quo* would be maintained. This was not to be. This uncertainty and changed stance reflected a vast reduction in the money spent on exploration and a continued drop in new capital investment in mining. Its peak was $A250m. in 1971. New investment so far this year stands at just over $A100m.

Many important projects for iron ore and bauxite development, all of which involve foreign capital, are held up, and some may not go ahead at all unless the government waives its 25 per cent. deposit requirement on foreign capital. The government in turn hopes that more Australian money will be diverted into mining, and as a matter of policy has adopted a principle of government involvement hoping to divert Australian moneys into the mining exploration and development field. It is estimated that exploration money, which dropped by $A44m. in 1971-72 went down by a further $A50m. in the 1972-73 year, meaning that only some $A60m. was spent in that period.

The question of price for exports is one which has become important in government thinking. State governments and some exporters have been criticised by the Federal Government for letting minerals (particularly coal) go too cheaply. Carrying the price problem one step further, Mr. Whitlam is now seeking to establish a degree of co-operation on price between the ore-producing countries of the world.

The conflict between the two sides goes further when definitions are made of just what degree of foreign control there is over the mining industry. According to the government, it is 62 per cent., and must come down. According to the Australian Mining Industry Council, it is only about 48 per cent. Whatever the case, the only clear fact is that foreign money will be needed to continue to finance development of the industry unless money is to be diverted from other important public and private spending programmes.

Having said that, it is wrong to consider that it is a totally miserable picture although in the short term, it is. In the long term, it is anything but. The fact that the Minister and the miners are getting together is one good sign. And Mr. Connor does have the upper hand now in that it was he who finally called the Japanese to book and gained adjustments to the contracts which the iron ore men had been negotiating, at levels beyond those that the miners had even claimed. Mr. Connor, when taking credit for such a victory, was not bashful, and he has had further talks with industry leaders on an individual basis, which he describes as "meaningful."

Nickel ore stockpile at Kambalda, Western Australia.

Record prices

The resurgence in demand for ores, the new record gold and copper prices and recovery of the aluminium market have all meant good news for the Australian producers. Production of iron ore rose in response to increased Japanese demand, and assisted in bringing Paraburdoo on stream. For the first nine months of the financial year 1972-73, iron ore exports had reached a value of $A335m., indicating that for the full year revenue would exceed the $A375m. of 1971-72. On current estimates, a total value of some $A440m. can be expected. Coal exports and production rose to new peaks and export income for the fiscal year 1972-73 will be around the $A290m. mark, compared with $A237m. in the previous year.

So the list goes on. On current estimates, copper sales for the year will be around $A95m. (from $A86m.); lead export values are up from $A82m. to $A90m. Gold exports are dramatically up (and many of the mines along the Golden Mile in Kalgoorlie have been rejuvenated as a result of the increased world price) to something in the $A20m. region, compared with $A4m. in 1971-72.

So, if all these production and price trends continue, the coming year will produce yet another boom for the established industries, and, dependant on government policy, may see the explorers rejuvenated. It will not, one hopes, be a boom in the 1969-70 stock-market sense, when anything sold. Both the mining and securities industry are endeavouring to ensure that that ignoble chapter of Australian history is not repeated.

No doubt many of those punters who are still holding once expensive and now worthless stock in the names that clutter the mining board of the Stock Exchanges would love to see one just to get out. Alas, one cannot see any ointment to sooth so many still-burned fingers.

Nickel goes into production

By DONALD LIPSCOMBE, Perth Correspondent

In line with the normal pattern of a prospecting boom, the weight of effort has shifted during the past year from nickel exploration to production. It is the more tedious and less spectacular part of the cycle. And in the case of nickel, the standard surge-retreat-recovery graph has been aggravated by the Poseidon super-boom. From this, the reaction has occurred and the slow grind is under way, turning ore-bodies into mines.

This time last year there were three producing mines and 13 at the point where production was only a matter of time. Since then there has been only two significant new nickel areas found, but three small new mines can be added to the list of producers. Forrestania, 170 miles south-west of Kambalda, is the new environment, being drilled out mainly by Amax and Amoco, with several small Australian companies associated. Near the Pilbara coast, Texasgulf has defined at Sherlock Bay a big low-grade nickel-copper ore-body, estimated at the preliminary stage to contain 75m. tons of mineralisation, average grade only 0.5 per cent. but possibly shallow enough to be open-pit mined economically.

Clear trend

Statistics relating fiscal 1972 and 1971 show clearly the way the industry has changed. In Western Australia, wages and salaries spent on the mineral search increased 3.1 per cent. to $A15m. over the year, after having more than doubled between 1969 and 1971. There was a 90 per cent. increase in the man-weeks worked by professional mining men on production; and a fall of 2.4 per cent. by the same category on exploration (plus a drift of 13. per cent. into Government service, part of a trend that has made one Australian worker in three a public servant, seven times the British proportion).

What the statistics do not show is the attrition of the small prospecting company, the type that blossomed at the rate of two a week during fiscal 1970. No more than 10 per cent. survive, and about half of these have either diverted funds to such sectors as property development or are virtually dormant.

Doubling of rentals on prospecting tenements has hit the small company. So has the Whitlam Government rule calling for the deposit of 25 per cent. on overseas borrowings, since this has closed the gate to the only path realistically left to the speculative groups — the door to continuing capital has been slammed and jammed. Prospecting companies are finding it increasingly hard to complete deals with wealthy international mining groups.

More than this, there is ample evidence that federal policy actively promotes this trend. A few big companies are easier to handle than a lot of little ones. So under Labour, there is an accelerating trend of speculative mining groups withering, and the big companies are getting bigger in the process although they are as uneasy as their smaller colleagues at the way the natural resources industry is being handled.

The most successful of the big companies is Western Mining, which also has several oreshoots under development in the Kambalda region, with expansion spilling across Lake Lefroy to the Paris-St. Ives area. In April Western Mining opened a flash smelter in Kalgoorlie, using the Outokumpu method.

Main newcomer to the nickel mining business in 1974 will be Selection Trust, which has indicated at least 33m. tonnes of nickel ore, averaging 2.2 per cent. with a cut-off grade of 1 per cent. at Agnew, 200 miles north-north west of Kalgoorlie. Australian equity in Agnew is small, 80 per cent. held directly by the parent group and a further 16 per cent. indirectly through the listed Selcast's 20 per cent. Despite Selection Trust's fine record, Agnew has the potential for becoming a test-bed for the new nationalism.

Windarra will be 1974's other major nickel mining event. Western Mining has joined forces with Poseidon at Windarra in a joint venture that will bring the former wonder-stock's orebody into production in August, at a start-up rate of 1m. tons a year, 33 per cent. higher than initially planned. Despite its relatively small grip on world nickel sales, Western Mining is a *disproportionately potent market force*, and its importance will grow.

Same level

Nickel provokes dogmatic opinions about its long-term prospects on nearly the same level of ferocity as gold. Either it is just another commodity, prone to the cyclical ups and downs of industry; or it is yet to tap the unplumbed demand of new uses. Nickel enthusiasts maintain that this element, more than any other, will be buoyed by accelerating demand because of its alloying versatility, compounding qualities that make nickel's per-capita useage a fair barometer of living standards.

Apart from the pattern of world demand, Australian nickel must look close at home over its shoulder at organised labour. As gold miners command wages nearer to those of nickel-miners, it becomes more attractive to work in the bigger centre of Kalgoorlie rather than at relatively more remote towns like Nepean, Scotia and Laverton; there is a risk that nickel and gold will compete for scarce labour skills. However in general terms the industry is in a healthy state at a stage that has more stability than boom-time, and can be expected to move further ahead in the coming year.

Uncertainties remain for iron ore producers

By DONALD LIPSCOMBE

In recent months Australia has moved into an iron ore seller's market after having had trouble making a profit a year ago. So much, and little more, can be stated without hedging. How long the new buyer-seller relationship will last, how much the seller's margin will be boosted at the market end or nibbled at home and on the way to market, and indeed whether or not this year has shifted the industry ahead of square one are all questions yet to be answered. Iron has graduated from an untenable position to one that is less bad.

Contracts are written in U.S. dollars, and have been eroded by two Australian revaluations and one U.S. devaluation so they are worth about 26.5 per cent. less than when they were written. Since then, deals with Japan, overwhelmingly the most important buyer, have been renegotiated with contracts still being ratified for an average 15 per cent. recovery—17 per cent. for lump ore and pellets, 13 per cent. for fines.

This is still effectively 15 per cent. less than when Australian iron ore companies agreed to gear up for massive exports to Japan, which now relies on Australia for 47 per cent. of its iron ore requirements, a proportion that will rise to 58 per cent. on existing contracts.

Average price

Between fiscal 1969 and 1972, the crude average price of Australian iron ore exports fell from $8.94 to $7.59 per ton. A rough rule of thumb is that iron ore prices divide equally into freights, profits, and the rest. So even with the renegotiations, nearly half the mining companies' profits have disappeared in the currency jungle.

Australian producers are gearing up for significant expansion in production and sale. This is necessary to get back to the initial level of profitability, and may prove difficult. The new Whitlam brand of "resources diplomacy" has reportedly shocked the Japanese buyers, just as the crude idea of ganging up with other sellers shocked other buyers. Brazil, emerging as a real competitor to Australia in iron, has reached a preliminary accord on getting together before accepting a price.

Shipping will become increasingly important to the industry. From early official word on resources policy, it can be compared broadly with international wheat agreements. As with wheat, there is scope for fiddling with such inter-country accords, and Australia is remembered for having done this with grain.

But one of the industry's main long-term worries is over Labour Party policy demanding that half of bulk commodity tonnage be carried in Australian ships. This is rated potentially more damaging than the currency changes. Shipping demands, union power, inflation and Federal Government willingness to back men against management combine to make the road to recovery a difficult one.

At the same time, the trends help insulate existing miners from internal competition. Several companies, notably Texasgulf Inc. in its partnership with Hancock and Wright, are knocking on the iron ore door. Every month the scale of operations needed before they can launch increases, the demands on them from government intensify, the export club calls for an ever-higher nomination fee.

As the industry rebounds into a new expansionary phase, there is little of the excitement and super-confidence that characterised the pioneering decade of the 1960s. Companies are slogging their way back to where they were before the various struts were kicked from under them. For they have been proved far more vulnerable than they were regarded in the early halcyon days, and are under stress as much from at home as from their competitors abroad. But if the past year's trend has to be continued, the industry is on the way to robust health.

Most of the iron ore producers are in the Pilbara where the mood is exuberant as the West Australian mines gear up to ship its first 100m. tonnes in a single year. The industry will this year supply about half of the ore needed by the Japanese to attain their latest record steel production. In addition, the industry will send nearly 20m. tonnes to European and British mills along with the 60m. tonnes of Japanese demand for lump, fines and pellets. That is 50 per cent. up on the 1972 figure.

Now there is large, steady but unheralded revolution in the Pilbara where investment is bounding ahead. If Mr. R. F. X. Connor, Minister for Mines and Energy, eases up on his violently anti-foreign outbursts, there is every prospect that the industry in the Pilbara will proceed with enough investment to beat out the very strong challenges emerging in Africa and Brazil.

Mt. Newman, for instance, is spending about $A90m. to bring its total outlay to the grand figure of $A450m. Hamersley and Goldsworthy, both with significant British equities, are also spending big sums on expansion. Less certain, but highly probable, is additional plant at Cape Lambert from the Cliffs-Robe River Associates. Now, it is worth noting the connection between these companies and the great steel producers of the world. In many cases the owners of the Pilbara are significant steel producers in their own right around the world.

This is important since best estimates suggest that the world will need about 1,100m. tonnes of iron ore a year by 1980, compared with about 800m. tonnes this year. World steel production should grow at about five per cent. compound through the 1970s so it seems likely that Australia will be doing some production for the pollution-bound Japanese, etc.

IRON ORE EXPORTS

Fiscal	Tonnage (m.)	Value ($Am.f.o.b.)
1969	20.0	179.5
1970	33.2	277.8
1971	47.6	374.3
1972	49.4	375.5

Ore-bearing mesas in the Robe River mining area of Western Australia.

Profits in gold defy logic

By DONALD LIPSCOMBE

The price of gold is around 50 per cent. above its level of a year ago. Nearly all Australian gold miners have been operating since the 1890s, and have established resources of manpower and plant; they were making profits when gold was selling at one-third to-day's level. At to-day's prices they should have been making a profit but they were not. To add to their problems, Mr. Frank Crean, the Treasurer, in his budget of August 21, announced an end to the exemption from tax of gold mining profits. That is likely to put an end to further exploration and hence will cause the industry to run down.

For the past 10 years, miners that rely for their livelihood on gold have been winding down readying themselves to end operations. Those, like Bougainville and Peko-Wallsend, which accept gold as a bonus from other mining are in a different category. But for most, despite all the brave talk of the inevitability of a resurgence in gold's price, it was simply a matter of waiting for death.

The United States—which originally was the prime force in demonetising gold—has been in the centre of the stage as gold has been given a second life with the U.S. dollar being stripped of credibility as the world's reserve currency. The revived importance of gold has forced the mines to reassess; having been prepared to run down production, they are now having to go in for the costly process of expanding to meet the new demand. Few of them are ready for this traumatic turn-round.

Proven reserves

For laymen, it is easy to surmise that a new coat of paint on the mill, some new underground gear and a few more men will do the trick. After all, most of the gold mines have substantial reserves, and surely when it all boils down, the new economics of gold mining make the mining of such reserves well worth the effort.

The economics of such a premise were spelt out recently at a warden's court hearing at Cue, in Western Australia's Murchison gold fields. Australian Consolidated Minerals hold the right to mine the Big Bell gold mine, which has produced 650,000 oz of gold and has new proven reserves both on its own account and nearby at the company's Great Fingall mine. But the court was told that bringing the mine back into operation could cost $A20m.; gold's long-term future, viewed from mid-1973, does not yet warrant such expenditure.

A similar picture on a bigger scale emerges on Kalgoorlie's famed Golden Mile. Western Mining Corp (predominantly a gold miner, manager and investor before the Kambalda nickel strike), has joined forces with Poseidon's subsidiary Lake View and Star. It is considered likely that Great Boulder and North Kalgurli, the other Golden Mile miners, will pool their reserves in the new merger.

But recent assessment of the mines shows up a terrible backlog of things left undone. In their concern for keeping the mines open and saving their jobs, unions have turned a blind eye to lapses which ultimately reflect on their safety. Although they are aware of the task ahead of the mine managements, they are equally aware of the rising trend of gold prices and are pressing successfully for higher wages and better conditions.

Far from being able to build on existing infrastructure, it is likely that the new Golden Mile consortium will have to decide soon on whether or not to dig deep—into mines and into shareholders' pockets—to step up throughput, refurbish plant and attract skilled men with new housing and better conditions. A recruiting drive has been planned, aimed at miners in the U.K. and Europe particularly. The tax changes will make it difficult to decide to go ahead.

Major companies

Before the tax announcement, most prospecting companies had changed partly or totally to gold exploration. If they succeed on anything but the most spectacular scale, the trend is likely to be one of joint venturing with or selling to the established major companies. Some small groups are using new metallurgical techniques to winkle out known gold reserves from tailing dumps that rise like small mountains around all gold-mining towns.

The price per ounce of gold is higher than the average wage for the first time since the 1928 Depression, when hundreds of fossickers went out into the field. It had been accepted that all the big ones have been found. But in recent weeks, North American-based miner Newmont has shattered this tradition with what is emerging as a major find inland from the Pilbara iron ore fields at Paterson Range, 138 miles east of Nullagine.

It is one of the multiple paradoxes of gold that new operations have only a slight disadvantage against established ones. At the same time, unless new gold finds are big enough they cannot justify expenditure on plant needed for processing. So the real winners from the gold's new economics are companies established and willing to jog along; big companies with the reserves, cash and confidence to expand; and one-man fossicking gold shows that dot the Australian goldfields' outback.

SOCIETY TO-DAY

Faint stirrings of change in the new suburban radicalism

By DONALD HORNE, Research Fellow in Political Science, University of New South Wales

It's a long time since nations personalised themselves as legendary characters, but if Australia were to have to go at it now the best pick might be Mrs. Edna Everage, the superb comic creation of actor Barry Humphries: Suburban Woman, bursting out all over with optimism, all trend and no taste, but indestructible. Bounce her, she bounces back. Inner-directed, she is confident in her faith that the basic meaning of life is to be found in the upkeep of a suburban home.

She is not *the* Australian. No one is. But she comes from our true frontier. Two of the great pioneering acts of our predecessors, come to an old land with new hopes, were to democratise access to rich men's games and to invent suburbs for the common man.

For three or four generations those Australians who wanted to find an explanation for anything in their nation they didn't like found it in this premature suburbanisation. With all those empty spaces on the map, it seemed unnatural that most Australians should live in suburbs; so all faults could be seen as a punishment for this deviation.

In the last ten or 15 years, in which we have seen the rise of self-defining intellectual groups and the use of tertiary education as the main gateway to status and money, the suburbanites have been blamed for everything from the state of the arts to the state of the nation. The ordinary people have been blamed for all the inadequacies of the new top people. A symbol of their worthlessness became the "Australian Ugliness," the attempt of the suburbanites to express their individualism in the "featurism" of their houses. When the individualism of suburbanites was not being attacked, critics had a go at their conformism.

Puritan blight

Even from the (hardly ever considered) viewpoint of the suburbanites themselves something had gone wrong. In the manner of success, the early triumphs of the suburbs had become defeats. The ideal of every family its own householder had produced much harshness and loneliness; in any case its first flowerings had been blighted by the long ice age of Australian puritanism, a particular expression of the general spread of English-speaking busybodyness.

Now centres of gregariousness begin to flourish in the suburbs. Barbecues sprout on suburban patios. Puritan restrictions wither. You can see 30 seconds more of "Last Tango in Paris" in Melbourne than you can in Manchester. In the people's clubs of Sydney, financed by the profits of their fruit machines, there are acts from some of the biggest of the international circuits.

Non-British immigration leavens the lump. Dispirited Anglo-Saxonry has been almost completely pushed out of the food shops and restaurants. There are Greek movie houses, political crises over Croatian terrorists. In the steel-making city of Wollongong-Port Kembla (pop. 200,000) they had a "Fusion Festival" last July. The word "fusion" referred not only to the city's steeliness but also to the fact that its families come from 58 different nations.

Younger writers can now accept the suburbs as subjects fit for art. David Williamson's *Don's Party* was so successful last year that theatre parties came in from the suburbs to hear four-letter words pronounced in the Australian accent. On television some of the top ratings go to shows set in the suburbs, even if they are suburbs with an uncharacteristically high proportion of murders and sexual activity. Intellectuals are beginning to stop attacking the suburbanites now that they have proved their unsuspected worth by electing Gough Whitlam as Prime Minister.

Political issue

It was Whitlam who invented the suburbs as a political issue. He has shifted emphasis from romantic but uneconomic ideas of trying to get more people to live in the countryside and given priority to spending development money in the cities, where most Australians do their voting. Sewage systems touch his imagination. Irrigation plans are out.

He was defeated by a majority in his cabinet in July in his desire to disband the farmers' subsidies, but some of them are to go and the rest will probably follow if he gets a Senate majority and can put through amendments to the electoral law that will deprive rural votes of their present unfair 20 per cent. weighting.

As part of this new suburban radicalism some of the suburbanites are even beginning to do something for themselves. Some have voted municipal councils out of office; some support community action. For most of Australia's history, local government has ben lost in such apathy and corruption that even these small stirs are a revolution.

The new self-acceptance of Australia as a suburban society is a kind of revolution, the domestic equivalent of the external self-recognition as an independent Indo-Pacific nation with its own way to make in the world, another idea Whitlam tries to push along. An enormous amount of imagination and resources have been wasted on the rural dream of an Australian yeomanry. It was capital intensiveness that made Australian farming so successful and mineral exports now make exports from uneconomic farming unnecessary.

A lot of the new radicalism comes from people I have described as "the patio intellectuals" — suburban new thinkers to whom the problems of politics are as easily handled as the extension of gracious patios into suburban backyards. Their natural political party is the fairly recently formed Australia Party but people in the Labour Party see themselves as dependent on Australia Party votes. In fact some of Whitlam's Cabinet ministers are Australia Party types. So are some of their advisers.

In an extreme form patio intellectuals want to replace GNP with ZPG (zero population growth) as a national goal (as long as their own living standards stay up). In more moderate versions patiopolitik is liberal endgame. At its best it opens new, apt horizons. The danger — important because of Labour's belief that it is dependent on the patio vote — is an occasional absurd translation of overseas trends into Australian experience.

Into distaste

The most notable example is the way concern with world over-population was translated into a distaste for Australia's multinational and increasingly multi-racial immigration programme, the most liberal achievement of the previous governments. At times this concern took the xenophobic form of believing that if we don't have immigrants we don't have pollution. Labour reduced immigration to attract support on on the patios. But this is now producing economic difficulties to which no one has a solution. And it is temporarily suppressing the most obvious source of Australian idealism. Obvious that is, if you look at a map. They don't usually have maps on patios.

OIL AND GAS

Fears of an energy crisis lead to a ban on fuel exports

By MICHAEL SOUTHERN

With fears of an energy crisis which would ultimately hit Australia, the government has placed a ban on the export of fuel and natural gas. It is unhappy about coal exports and their prices, and it is also looking closely at all minerals, regardless of whether they are energy sources or ores with a conservation value.

The conservation policy with regard to the oil and gas industry, along with other measures such as the removal of tax incentives for explorers and a clear statement that the government proposes to intervene as a partner in exploration and development, has cast some shadows over the industry. This is mainly because the government has not explained just how it proposes to intervene and has, at the same time, extended its multinational company bashing habit to the international groups that are involved in exploration in Australia — notably Esso and Burmah.

Falling reserves

And, while this goes on, demand for petroleum products in Australia is increasing, and, because of the reduced exploration activity, the need for increased imports grows greater. There was a point at the beginning of the 1970s when Australia could boast 70 per cent. self-sufficiency from known oil reserves. Depletion of the oil reserves and lack of any major new discoveries suggest, at this point in time, that Australia may be only 20 per cent. self-sufficient by the 1980s. This view was confirmed by a recent announcement by the petroleum companies that the Petroleum Information Bureau would conduct a detailed report on the world crisis and how it would affect Australia. According to the Bureau, Australia is safe from such a crisis for 10 years.

It is the overseas energy crisis that has forced the ban on exports of all fuel until the full extent of Australian reserves are known.

The Australian Petroleum Exploration Association Bureau's journal for 1973 indicated that if Australia is to maintain its position of 70 per cent. production of local demand, it will need to find a further 9.975m. barrels of crude —nearly five times the total discoveries so far. It suggests that some $A3,485m. will need to be spent on exploration, or over $A200m. a year. The actual expenditure in recent years has been at the level of around $A90m. In the light of proposed government action and the cuts on the inflow of foreign funds through the 25 per cent. deposit plan, it is becoming more and more difficult to raise capital for such projects.

At present, Australia's stated oil reserves are around 2.1 billion barrels, and natural gas reserves around 20.8 billion cubic feet.

Exploration both onshore and offshore has slowed down and in the first nine months of this year only 49 wells were drilled or commenced, compared with a total of 134 for the whole of 1972, and footages figures indicate a 45 per cent. reduction. At the same time demand in Australia is growing from the equivalent of 80m. metric tons of black coal in 1970-71 to 145m. in 1979-80. Demand for petroleum in the rest of this decade will increase at around 6.8 per cent. per annum, and for natural gas at about 17.8 per cent. per annum. The total energy demand rate is estimated at 7 per cent. per year.

It is in the light of this that the exploration groups are seeking concessions from the government to allow them to continue, while the government, concerned at coming shortage, has adopted policies which oil companies find inhibiting. Perhaps the real crux of the government attitude lies in the lack of significant Australian interests in the overall picture, though figures put out by the industry belie this attitude.

According to the industry, in the middle of 1972, the ownership of hydrocarbon reserves, excluding the north-west shelf which is dominated by Woodside-Burmah and in which the Burmah interests are high, was 47 per cent. Australia and 53 per cent. from overseas. The inclusion of the north-west shelf where exploration is continuing, would slant the figures further in favour of foreign ownership and away from Australian interests.

Capital raised for oil exploration in Australia on patterns set in the last few years, indicate that the country cannot produce $A200m. a year which is considered necessary. Apart from a highly falsified figure of $A83m. during the 1969 boom, the amount raised has been around $A40m. in 1970 and in 1971 about $A36m. It was slightly higher in 1972. On this basis, Australia can only expect to own around 12 per cent. of new oil reserves. Even the rate of $A83m. a year would only offer ownership of 45 per cent.

Foreign hands

The remainder, if exploration goes at the needed rate, would be in foreign hands. Mr. Whitlam's government's attitude to foreign companies is well known. Woodside-Burmah has been criticised for having such large leases on the north-west shelf (its area is larger than the whole of the North Sea) and having so few rigs. Yet Woodside was the only company interested. It is due to relinquish half its area next year, and at that point the government participation policy may become clear.

The oil companies have also been under criticism on their pricing policy for refined petroleum, and are to be subjected to a Royal Commission. Further pressure on them over the number of service stations has resulted in a general plan to reduce their numbers by many hundreds. It is argued that this may reduce the price of petrol.

Plans for pipeline grid

By DONALD LIPSCOMBE

During the term of the Whitlam Government, a scheme has been formulated for establishing a $A600m. national pipeline grid to link the major natural gas fields with the main users. Although no specific details will be released until a newly started feasibility study is finished about the end of the year, the idea as announced is to create one Australia-wide price for natural gas which is being produced currently from three gas fields, with two other major gas accumulations to be linked in after appraisal drilling. Provision was made in last week's Budget for a start on the South Australia to New South Wales section of the pipe.

In such terms, the national gas grid scheme seems sensible and relatively straight forward. But its implications have upset state governments and the petroleum exploration industry. Few believe the pipeline will ever be constructed. Meanwhile its shadow is causing all the major development programmes in the industry to be rewritten, with the secondary effect of confusing the mid-term planning of miners and processors who might expect to benefit from gas on tap.

Major fields

Before the Whitlam Government's election, the Tonkin Government in Western Australia had announced that it was looking at the prospect of piping gas from central Australia, the Palm Valley field, to its minerals projects. A similar scheme had been discussed by the previous administration. Palm Valley is one of the two major gas fields being assessed in the current study.

The other is the north-west shelf, where five structures have been proved gas-bearing and where six rigs are scheduled to be working by the end of the year. Before the national gas grid idea was put forward, the exploration's ultimate aim was to provide enough gas for West Australian consumption before seeking permission to export the rest as LNG. Locally sold gas would, on state government planning, virtually be subsidised by the export of liquefied natural gas to Japan and North America's west coast.

However, "domestic consumption" takes on a vast new dimension in the national grid context. Contingency plans are being put together to bring gas ashore quicker than originally scheduled (about 1976) to produce power for Pilbara industry. In this way, no Palm Valley gas would be needed on the west coast, and perhaps not in the Kalgoorlie area either. The grid scheme may, then, be pre-empted.

Since its proposal, the concept has been ephemeral and must remain so until the arithmetic of transporting gas over thousands of miles is completed. It is one of several ideas that have drawn out the battle-lines between the industry and government. For it typifies the vague central planning that has spawned far-reaching corporate confusion through uncertainty, the most damaging product Canberra has handed to industry.

Aborigines get more chance to lead the full life

By Dr. ELIZABETH EGGLESTON, Director, Centre for Research into Aboriginal Affairs, Monash University

In July, 1972, the tents of the Aboriginal Embassy were removed from their site opposite Parliament House, Canberra amid violent scenes. In December, 1972, the Labour Government came to power in Canberra. From the viewpoint of a white Australian, this was the most significant event in Aboriginal affairs during the last year. The members of the Embassy, a symbol of protest against the former government's policy on Aboriginal land rights, had been supported and encouraged by members of the Labour Party, then in opposition.

Labour came to power on a platform which included a detailed policy on Aboriginal affairs. Implementation of that policy is now under way. The former Office of Aboriginal Affairs has been upgraded to full departmental status. The new department is distributing the increased funds available for Aboriginal education, housing and health programmes. Education is being offered in the vernacular for young Aboriginal children. Aboriginal medicine men are being paid, on some government settlements, to reassure and heal the sick.

On the major issue, the Labour Party has a definite commitment to grant land rights to Aborigines. The party's platform (on which it stood for election) reads: "All lands to be vested in a public Aboriginal trust. Exclusive corporate land rights for tribal communities, or where traditional occupancy can be established, from anthropological or other evidence. Alienation of land to be possible only with the approval of the Trust and Parliament. . . ." Mr. Justice Woodward, a judge of the Industrial Court, has been appointed Commissioner to investigate questions of implementation, that is, to advise on the translation of this promise into legislation which will ensure security of title for Aboriginal communities.

In the meantime the Government is continuing to buy up land for particular Aboriginal groups to own and manage. Dr. A. C. Coombs, chairman of the Council for Aboriginal Affairs, movingly describes the effect of one of these land purchases on the Aboriginal people concerned. "The purchase of the property by the Commonwealth on their behalf is for these people an event of highly-charged emotional import. A small group of the oldest men with whom I discussed this, had tears running down their faces when they talked of it." Land is clearly immensely important to Aboriginal people, less for its economic potential than for its spiritual and historical meaning.

Desert nobility and slum squalor—Tribal Aborigines in the Rawlinson Ranges of Western Australia (above) and part-Aborigine children at the Lake Tyers Reserve, Victoria (right).

Urban difficulties

But the Government's Aboriginal land policies have so far concentrated on rural and particularly tribal Aborigines. There are programmes for urban Aborigines of course, but these are not seen as being linked to the question of land rights. There appears to be no commitment to providing compensation for land lost generations ago, except where traditional occupancy can be proved by anthropological or other evidence. Urban part-Aborigines are likely to have difficulty in furnishing the necessary evidence, though some are making a brave attempt to claim rights to Collingwood, an inner suburb of Melbourne. Yet militant young urban Aborigines were in the forefront of the land rights protests. They were not thinking solely in terms of title being granted to tribal communities in remote areas. They were seeking recompense for the dispossession of the continent on behalf of all people of Aboriginal descent, whether or not they could establish links with particular pieces of land to the satisfaction of white law courts.

These militant young Aborigines are still talking about Black Power and criticising the Government in spite of the fact that a different party holds office. They have not been swept away by the euphoria which overcame many white liberals with the news of Labour's victory. The pessimism and bitterness expressed by young blacks is, paradoxically, a hopeful sign. It means that a real grassroots movement now exists, which will not be content until all Aborigines have an honoured, comfortable place in Australian society.

Advisory powers

The Government acknowledges the need for Aboriginal self-determination. It recognises that programmes planned for Aborigines but not by them, will be at best ineffective, at worst positively harmful. Steps are being taken to set up a National Aboriginal Consultative Committee, a kind of Aboriginal Parliament though with advisory rather than legislative powers. Its members will be elected by Aborigines from all over the country.

The incorporation of Aboriginal groups is also being encouraged and funds are available for self-help projects like a community housing project in Redfern, an inner Sydney suburb. Redfern is the home of many Aborigines and the site of the first Aboriginal - initiated Medical Service and Legal Service. The Legal Service has already become the model for ventures in all states: $850,000 is in the budget for Aboriginal legal services up to June 30, 1973. These services can provide legal representation for Aborigines charged with criminal offences, the most pressing need. In the long term they can have considerable impact also in the field of civil law, particularly if they follow the precedent set by American Indian Legal Services. In the United States the emphasis is on test case litigation, on thorough legal research in cases which can benefit large numbers of Indians.

The Federal Government has announced plans to take over Aboriginal administration in all states, under the powers acquired after the 1967 referendum. Two states Queensland and Victoria, are resisting the federal move, on the grounds that "We know what's best for our Aborigines."

In the longer perspective of history, the federal takeover of Aboriginal administration may be less important than the strike by Aboriginal cotton chippers in Wee Waa, New South Wales, which took place in January 1973. These exploited seasonal workers finally rebelled against the inhuman conditions under which they were expected to work and organised the strike which won some concessions from the employers. Apathy here gave way to protest. Some Aboriginal workers in outback areas have gone on strike in earlier years but this is the first recorded strike among seasonal workers in the more closely settled states. The strikers received advice from the New South Wales Aboriginal Legal Service and talked of setting up an Aboriginal Trade Union. Perhaps these are signs of future directions in Aboriginal industrial action.

Another recent event can also be seen as extremely significant in the development of Aboriginal affairs, though it is doubtful that many Australians have heard of it. This was the first national seminar on Aboriginal arts held in Canberra in May. It was organised by the Aboriginal Arts Board, whose chairman is Aboriginal painter and writer Dick Roughsey. It provided a forum for discussion of ways in which traditional and contemporary Aboriginal culture can be encouraged. Visual and performing arts were displayed. Its significance lay in the fact that for the first time there was a genuine meeting of minds between the traditional Northern Aborigines and the Southern urban Aborigines. The Southerners, more sophisticated and articulate in white society, showed a keen desire to learn more about tribal traditions and the tribal elders expressed a willingness to pass on their knowledge.

Effective action

Aborigines certainly still have a long way to go before their serious problems of ill-health, poor housing and illiteracy are overcome. But now there is the potential for an Aboriginal movement which really combines the interest of tribal and urban groups. The links which are being established with indigenous minorities and other black groups overseas also offer the prospect of more effective political action by Aborigines. They perceive that, as a people who from ancient times have lived in harmony with the natural environment, they have something valuable to offer the wide community.

Government takes fresh look at immigration

By KENNETH RANDALL

Towards the end of 1974, the Australian Government will be tackling, for the first time, the task of formulating long-term immigration and population policies. While the raw material upon which the decisions will be based is still far from complete, there is no longer any prospect of a return to the days of unquestioning commitment to maximum population growth.

Within weeks of taking office after the 1972 General Elections the Labour Government slashed the then current immigration programme by more than 20 per cent., reducing the target figure from 140,000 to 110,000. For the financial year 1973-74 it decided to maintain the same target, with provision for 60,000 Government - assisted immigrants.

These are the lowest target figures in more than a decade. Almost certainly, too, they are straws in the wind for the future, but although it was easier and more expedient for Labour, after so long out of office, to dramatise the break with the past, the break itself had become inevitable.

Mr. William McMahon's Liberal-Country Party Government had acknowledged as much by setting up a national population inquiry under Professor W. D. Borrie, of the Australian University, and commissioning from Sydney University a study in depth of the benefits and costs of immigration. Apart from efforts to speed the work, the Labour administration has done nothing to change these arrangements which will provide the starting-points for next year's policy decisions.

Labour, nevertheless, has the more marked predisposition towards a substantial and permanent scaling-down of immigration.

Being both trade union-based and, as Prime Minister Whitlam likes to put it, "a great humanitarian party," full employment is an article of faith for labour. If the choice must be made, it would prefer an over-stretched labour market to one where immigration pressure heightened worker competition for scarce jobs.

Secondly, the party has undertaken a very strong commitment to rid all Australian policies of racialist overtones, no matter what their form. In taking office it promptly abolished the discriminatory rule that immigrants of European origin were eligible for Government-assisted passages to Australia, but others were not. But having no great wish to change the colour balance of the immigration programme significantly, an overall cut-back, allied with a new emphasis on "family reunion" as the basis for sponsorship, made good sense.

Target figure

The new Government's first reduction in the immigrant target figure (in January, 1973) was made at a time of exceptionally high unemployment and attracted general approval. By August, when the 1973-74 target was announced, the employment trend had been reversed and critics re-emerged.

Opposition leader, Mr. Billy Snedden, said the target of 110,000 "ignored our economic needs and does not take advantage of economic, cultural and social opportunities which migrants provide." But the opposition's official spokesman on immigration, Mr. Malcolm Fraser, was more cautious: "We would have preferred a higher skilled migrant intake. . . . The Government's decision reflects a pessimistic outlook for the future of Australia." Only the spokesmen for industry approached the full-blooded cries for maximum growth which were so familiar in past years. The Associated Chambers of Manufacturers thought the target figure should be "of the order of 200,000."

There would have been no chance of that, irrespective of the political complexion of the Government. Objections to the attitude that immigration exists to provide "factory fodder," even though that may be equated with economic growth, are probably stronger to-day than those grounded in the environmental, quality-of-life arguments for limiting population growth.

The new Minister for Immigration, Mr. Al Grassby, believes in any event, that the net population gain from the relatively small target figure in 1973-74 could rise by about 5,000 to 80,000 through greater attention to the problems of new settlers already in Australia.

"It is not good enough to bring people here just to become what are described statistically as 'migrant departures'," said Mr. Grassby when he announced the target figure. ". . . It is important to realise that nation's migration programme is not just a means of adding to the work-force but is intended to be a means of expanding and enriching the family of the nation in all its aspects and to the advancement of Australia and the newcomer."

A series of still-developing factors will decide whether the economic agument for greater numbers regains some of its former strength. Inflation will remain an over-riding concern for the Government throughout 1974, with labour shortages (and consequent wage pressures) a continuing part of it. The effects of the 25 per cent. cut in tariffs across the board remain to be seen, too, although Mr. Grassby has ventured the opinion that they could displace 30,000 workers in the short term.

Employment growth

A company survey conducted by Sydney-based P.A. Management Consultants in mid-1972 showed that 62 per cent. of respondents expected "recruitment problems" at the present level of immigration — mostly in the skilled and semi-skilled categories. The expected growth rate in employment was 4.1 per cent.

And also to be established from experience is the effect of family reunion criteria in changing the proportions of workers to non-workers in the migrant intake.

The main counter to the industrialists' arguments is the consciousness, largely created by Mr. Whitlam in recent years, of the massive problems and social inequalities that have been allowed to develop in Australia's major cities. Raising the immigration target by, say, 20,000 would be much the same as creating a new suburb in Sydney or Melbourne with all its needs for schools, roads, building and basic services.

As economist Dr. A. L. Hall, of the Australian National University, summed up the equation recently: "Rises in the level of immigration have been associated with declines in the level of unemployment. The attempt to solve labour shortages by increasing the suply of immigrant labour adds more to aggregate demand than it does to aggregate supply of goods and services. The raising of the immigration target is likely to exacerbate this major problem of economic policy, not to ease it."

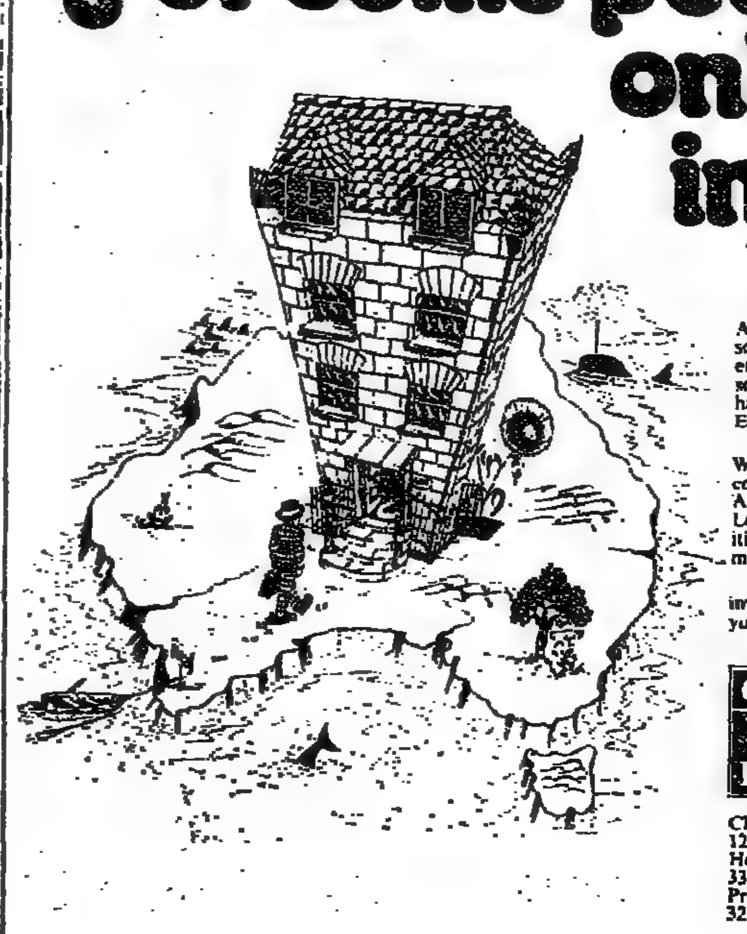
Long-term thinking

Mr. Grassby has given few clues to the shape of his long-term thinking probably in deference to the research projects now under way. He does, however, "view with some misgivings the practice of projecting existing demographic patterns far into the future."

At 13m. he points out, Australia's population is rather less than the probable margin of error in world population estimates. Her contribution to world net natural population increase is some 0.0036 per cent. a year—not, he considers, a cause for concern in the total picture.

He also stresses the age structure of the Australian population. "I invite you to consider the economic, social, cultural and community implications of this: some 45 per cent. of our total population are less than 25 years of age: 69 per cent. are less than 35 years of age."

Mr. Grassby's advocacy may be crucially important when the Cabinet comes to consider population policies to the turn of the century. At present, he professes no adherence to any particular philosophy but the impression he leaves is of a firm attachment to the middle ground in the various arguments—rather where, he likes to believe, the position rests at the moment.



Trade unions occupy position of strength

By JEFFREY GLEGHORN

Towards the end of the first year of the first Labour Government in 23 years, Australian trade unions find themselves in an impressive position of power with most of the bargaining points in their possession.

First there is the simple numerical proposition that for the first time for many years trade union membership as a proportion of the total Australian workforce is increasing to the point where it now hovers around 50 per cent.

Secondly, the unions are operating in what is most definitely a sellers' market. Chronic shortages of Labour have developed in key industries such as steel, building and motor vehicle manufacturing. Major steel producer BHP, for example, needs more than 2,000 people to bring it up to strength, and most of the labour demand is for unskilled or semi-skilled operatives.

Thirdly, there is the fact of the Labour Government which, remembering its trade union origins, looks more sympathetically at the demands and aspirations of organised employees than did its predecessors.

On the third point, of course, difficulties will develop between the Government and the unions as the Government comes to grips as it must with the problems of inflation, a situation in which it may feel unable to support major improvements in wages and conditions and still appear to the electorate to be acting responsibly.

R. J. Hawke, president, Australian Council of Trade Unions.

Low wage earners

In this context, the personality and wages philosophy of the Labour Minister, Mr. Clyde Cameron must come into calculations. Cameron has a couple of philosophical pre-occupations and chief among them is his frequently professional concern about the position of the low wage earners relative to the higher paid — in Cameron's terminology, the "fatcats" and "tall poppies" of the work force.

Mr. Cameron favours compression of wages, to be achieved by flat money increases rather than percentage increases, so that the gap between the poor and the better-off is diminished. This was most recently shown in his unsuccessful attempt to get the Cabinet to intervene in a decision by the Commonwealth Public Service Board which gave a 16 per cent. rise to top public servants and a 12 per cent., across-the-board increase to the lower and middle echelons.

Mr. Cameron's proposal was to lop the increases to his "tall poppies" to finance greater increases for those down the line.

But generally speaking in these early days the Government has shown itself more than willing to foster the trade union position.

The granting of four weeks' annual leave to public servants, its general commitment to the introduction of a 35-hour week in high-productivity industries it feels can afford it, and its proposal to amend the Conciliation and Arbitration Act to facilitate the amalgamation of unions, to abolish the discriminatory and largely inoperative "penal" provisions of the Act, and to remove the liability of unionists in tort, are examples of this general philosophy.

Some sort of crunch may come after the New Year when key unions in pace-setting awards and agreements come up, with wage demands which reflect past inflationary erosion of wage levels. Many union leaders believe that these claims could be as high as 20 per cent. even if the Government is successful in expected monetary moves to dampen down the boom.

Meanwhile, in an overwhelmingly favourable climate the unions continue to develop new initiatives. Chief among these, although increasingly controversial, are moves by the central organisation, the Australian Council of Trade Unions, into business enterprises.

These include the purchase of a retail store in Melbourne, a low-cost housing project in South Australia and the setting up of a trade union travel enterprise in conjunction with a large transport company.

Most of the moves have been generated by Mr. Bob Hawke a former Rhodes scholar and triple-degree man, now in his fourth year as president of the ACTU. Mr. Hawke has developed through frequent overseas contacts an affinity with, and admiration for, the activities of trade-union organisations in West Germany and Israel.

Although the store and the travel business have been moderately successful (the store's most spectacular achievement was the *de facto* abolition of resale price maintenance) Mr. Hawke and his colleagues have found themselves in conflict with the extreme right and the extreme left of the union movement in relation to business enterprise.

Those on the right, who can be regarded as Mr. Hawke's political opponents, say that any enterprise should be developed on a more co-operative basis, rather than in conjunction with existing enterprises. The more ideologically motivated opposition of the left, which had a hand in placing Mr. Hawke in power, says quite categorically that you cannot change capitalism by emulating it.

No doubt the extensive middle ground of the trade union movement will support the enterprises and the ACTU's problem appears not to be that the enterprises will fail, but that they will be less effective if a large and powerful union like the Amalgamated Metal Workers' Union—now 170,000 strong through the amalgamation of three unions—do not co-operate.

Education courses

Another initiative is the development of trade union education, largely ACTU-directed through residential and one-day or week-end schools, and through correspondence courses, aimed at producing a more aware and informed union leadership.

Education programmes are also conducted by individual unions, and the whole movement has been given an enormous fillip by the announcement of a Government-sponsored National Trade Union Education Centre, on the basis that governments which give money for management education should do likewise for worker education.

Another development, not encouraged by the central trade union bureaucracy, but espoused by more radical elements, is the emergence of the doctrine of worker control.

It is difficult to identify areas in which the concept of worker control has gained any significant ground. But some idea of the apprehensions of employers may be gained from a minute on New South Wales electrical power dispute given limited circulation by the NSW Electricity Commission.

The commission said "the actions resorted to by the men have gone beyond anything previously encountered and are similar to those advocated by 'workers control' groups which have recently emerged.

New tactics

"A major workers' control conference was held at Newcastle (NSW) last Easter and the main speakers included Mr. L. Carmichael and Mr. J. Mundey (both leading members of the Australian Communist Party). The theme of the conference was the development of tactics which would encroach upon the prerogatives of management by means of work-ins, sit-ins and other acts of defiance.

"These tactics have been followed in the power stations and there have been several cases in which employees stood down for refusals of duty, have refused to leave the site, and other occasions when large numbers of men have remained within the premises after finishing time for the purpose of harassing supervisory staff engineers and picketing access to the station.

"The industrial action has, with an odd exception, not taken the form of a conventional strike or mass walk-out, i.e. men leaving the job. Rather the pattern has been for a few maintenance employees in key positions to refuse duty in such a way as to effectively prevent essential repair work without the need for large numbers of men to go on strike.

"The great majority of employees have continued to draw wages and have financially supported those few employees who have not been paid for refusing duty."

The commission may have been exaggerating. What happened may have represented the application of shrewder industrial tactics, but certainly worker control is a factor to be considered in future Australian industrial relations.

Finally, not all of the trade unions are uncritically committed to a Labour Government and will go along only selectively with government initiatives.

Wearing two hats as federal president of the Australian Labour Party and head of the industrial movement, Mr. Hawke faces a major test in reconciling aims and objectives of the party with those of the unions.

Opera House sparks note of euphoria

By MICHAEL SOUTHERN

It took fifteen years instead of two, $A100m. instead of £A8m., and has caused more argument than any other political issue in NSW in the past decade. Who cares?

At this point in time, no one. All that Sydney knows is that, come October, the Opera House will be officially opened by the Queen, and that it really is the greatest Australian building of the century. During its construction period, Jørn Utzon's creation has been the subject of much derision, especially from other Australian states. It has been criticised as a white elephant. The opera hall has become the concert hall and the smaller concert hall the opera hall. From some seats, you cannot even see the opera stage. That does not matter this year. For Sydney, this is the year of the Opera House, the year when bungling, arguments and fights between architect and government are forgotten.

Already, the programming of events for the Opera House has shown that it is not just going to be a place for "silvertails," and that pop, rock and Rolf Harris will find a place alongside the Cleveland Symphony, and the Australian Opera Company or ballet.

In the world of the arts, the Opera House has overshadowed all else in the country. And that's a pity, for there have indeed been some important developments both in the quality and activity of the artistes, and in provision of places for them to perform.

The lack of theatres and concert halls has long been the problem that has inhibited development of music and theatre here. The ABC-sponsored symphony orchestra's have, for years, had to play only in town halls and cinemas. But, as a result of some major building projects, there is now a new concert hall in Perth, and a $A6m. concert and arts centre in Adelaide.

Melbourne centre

In Melbourne the first stage of a major arts centre is built, and functions as an art gallery. Contracts have now been let at $A8.3m. for the next stage of the $A26m. project which will ultimately house a 2,000-seat opera-ballet hall, an 800-seat drama theatre and a 400-seat studio-auditorium.

And, apart from its Opera House Sydney will, in November, see its first new commercial theatre for 40 years opened on the site of the old Her Majesty's, destroyed by fire some two years ago during an opera season. This is a $A3m. project, with a seating capacity of 1,500. A smaller 800-seater is being built by a property developing group, Land Lease, to replace one that it pulled down in order to use the site for an office-commercial development.

Sydney has also seen the start of a much needed flurry of new cinemas, and the rise of an Australian film industry in a small but satisfactory way. Some of the films have made commercial circuits in this country The Adventures of Barry McKenzie made it in many other places and has been an outstanding commercial success.

In fact, there is a degree of artistic activity on a scale the country has not experienced before. Australian playwrights are getting their plays performed: the fringe theatre of two years ago is now becoming the centre, and productions by local writers have drawn a great deal of overseas attention when staged, even though, as in the case of David Williamson's *The Removalist*, some people may not like what they see.

Australian painters are no longer concerned with gum trees and local myths. They are a mature school operating within the larger international scene and respected as such.

Actors and singers, musicians and painters from Australia who are successful abroad are no longer regarded as the local-boy-made-good by their countrymen, or accepted as some curiosity in other countries. They are accepted simply as artists.

It is a sign of maturity at last, and the soaring sails of the Sydney Opera House somehow have provided much of the impetus for this new-found confidence. They are the new symbol, the new attraction.

Celebration year

In the coming year, JC Williamson will celebrate its centenary of theatre in Australia. It seems a long time for a country so young, and the celebrations will include sponsorship of the New York Phil. and Leonard Bernstein (playing the Opera House). For the opening itself, the Cleveland Orchestra and Lorin Maazel will tour the country for the Australian Broadcasting Commission.

True, there have been foreign orchestras here before. But now, there are places of quality in which they can play, and more and more are expected to tour. Further, the theatrical entrepreneurs who once left the classics to the ABC are dabbling themselves. JCW's and Michael Edgeley have sponsored visits by ballet companies (the Kirov come this year) and major international artists. EMI is venturing into this business now, and the burden of culture no longer rests solely with the ABC (for which many are grateful).

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Schools start to plug some of the gaps

By DANY HUMPHREYS

The same mood of change that last December swept into power Australia's first national Labour Government for 23 years has also invaded the schools.

This is not just coincidence. One of Labour's strong points at the elections was its education platform. And the opinion polls signalled that education had finally ousted foreign affairs and defence as the main issue.

In education, the feeling that some fundamental change was needed was very strong. The six months prior to the elections helped to heighten public concern for the schools. Stories of shockingly overcrowded classrooms, pathetically equipped schools, gross shortages of qualified and specialist teachers, and masses of non-English speaking migrants in inner city schools were commonplace.

Cultural conflict

A survey by the Inner City Education Alliance, a group of parents, teachers and students from inner city schools in Sydney, found that 90 per cent. of classes had more than 25 pupils, and that 74 per cent. had more than 30 pupils. One-sixth of sixth grade classes in primary schools had a population of 80 per cent. or more of migrant children with their attendant problems of language and other symptoms of cultural conflict. More than a quarter of schools had no remedial teaching facilities or teachers at all, either for migrant or Australian children. In Melbourne a survey by the Roman Catholic, State and Federal Government authorities revealed that only 20 per cent. of the children who needed special English tuition were getting it.

A national survey of educational needs conducted jointly by all six State Governments, totalled up a staggering bill of $A1,440m. to maintain the status quo in primary and secondary schools alone, from 1971 to 1975.

On a qualitative level, research studies shocked the nation with their findings that Australia had the most authoritarian, lowest morale, disciplinarian teachers by comparison with teachers from Britain, New Zealand and the U.S. The students, according to another study, were seriously alienated from school. "For a very large proportion of students, school is a distasteful or at best mixed experience. Student morale is very low; so low in fact that the teaching and learning functions of schools must be seriously inhibited," reported two Canberra academics. Their findings were based on senior high school students in four major capitals in the eastern States.

But the elections crystallised the problems as largely financial and therefore capable of solution. Mr. Whitlam promised that "Spending on schools will be the fastest growing sector of Labour budgets." This promise included free university and college education from 1974. The central theme of the education platform was the concept of need—those who need more should get it. This appeals to the twin Australian myths of egalitarianism and the "give us a fair go, mate" philosophy of the fight against our harsh environment.

The political import of the "need" policies was a concerted attempt by Labour to attract support from working and lower-middle class Roman Catholics. The parochial Catholic schools their children attend were for ever in a perilous financial state. The "need" policies as applied to these schools meant increased Federal grants. But the non-government, non-Catholic schools, whose clientele tend to be drawn from the upper WASP classes, would lose their grants altogether (though State Governments continue their grants.) Prince Charles' old Australian school, Gelong Grammar in Victoria, fell into the latter category. This was a radical departure from the Liberal and Country Parties' policy which emphasises across the board, per-capita grants for all non government schools.

Areas of deficiency

The "need" policy now appears to be accepted as part of a grand social democratic plan. The educational flank of the plan was spelled out in the Karmel Report, "Schools in Australia," published in May, 1973. This was our first look as a nation at schools and the results are disturbing according to the interim committee for the Australian Schools Commission whose responsibility it was.

They identified three broad areas of deficiency. Schools lacked sufficient resources, both human and material to do the job. They established once again that Australian schools suffer from gross inequalities and so their students have greatly varying educational opportunities which are closely related to their socio-economic status. The final body blow was their summation that ". . . the quality of education leaves much to be desired."

In the face of these devastating criticisms of the schools the Karmel Report recommends seven separate programmes costing $A467m. to help all schools reach a "minimum acceptable standard" by the end of the 70s. Three programmes are worth noting. They are the programmes for disadvantaged schools, special education and innovation. These are completely new in Australia, although rather old hat by now overseas. The total cost of Labour's commitment to the grand plan is $A660m. for 1974/75.

Already learning co-operatives and exchanges, alternative and free schools are springing up mushroom-like in every State. The new wave of progressive education which had been gathering strength since 1970 is now at its crest. Seminars on alternative education are popular and even the State Education Departments have got the hang of the jargon.

In Victoria, the departments of Education and Technical Education have encouraged a handful of secondary schools to create separate annexes of about 100 boys and girls. These are some of the most successful alternative schools in the country. Enrolment is open to any secondary age student on a first-come, first-served basis. The students study what, when and how they wish and the curriculum requires community and job experience. They use community resources such as libraries, museums, artists' workshops, sports centres and other schools' science laboratories.

Not to be outdone, the NSW Education Minister, Mr. Willis, has published a position paper on community involvement in schools which is presently supported by the parent organisations and opposed by the NSW Teachers' Federation. In South Australia the director general of education has told school principals that they are free to innovate and organise the school as they wish. In Western Australia a massive report on discipline in secondary schools resulted in some cautious moves towards more democratic school organisation which gives students more say in the running of the school.

With each State education department competing fiercely in the innovation stakes, the pressure for change in schools is accelerating. By 1980 they could be good places to be. Especially now that the national Government has seriously joined in. Our hypothetical antipodean slumberer, OZ Van Winkle will almost wish he were young enough to enrol at school again.

The advertising scene

By PHILLIP ADAMS

Australian advertising is just emerging from a decade of Anglophilia. For example, there has been a long-running campaign for Benson and Hedges featuring an ageing Berty Wooster while an elderly Biggles has been at the controls for BOAC. Meanwhile, Dunhill's puffery involved an endless succession of Rolls-Royce's gliding down Regent Street and disgorging debs.

During his time the Australian accent has been a thing of shame, heard only from jockeys and footballers. The rest of the people in media cultivated an accent that could best be described as mid-Atlantic indeterminate. Now the much vaunted new nationalism is upon us and Barry McKenzies abound.

However one group of Poms continue to flourish in local campaigns. It seems that every other commercial features an English comedian. Spike Milligan was the first, filming spots for the Commonwealth Bank. Warren Mitchell began hawking Alf Garnett around the country, doing campaigns for soup, Qantas and used car dealers. Currently Harold Corbett and Hercules are appearing for both a cigarette company and an outfit that rents outfits while John le Meseurier looks lost and vulnerable for BOAC, Robert Morley simpers for Heinz, Harry Secombe cavorts for a leading lemonade and Peter Cook and Dudley Moore do Dagenham dialogues for just about everybody.

The humour belongs to the British, the business belongs to Madison Avenue. Their emissaries now dominate the agency ghettos in both North Sydney and Melbourne's St. Kilda Road. Although 265 agencies have been accredited by the all-powerful Media Council (a regulatory body set up by the Press barons) the 34 largest account for well over 60 per cent. of total national billings. And most of the large agencies are foreign owned or controlled.

The MCA will not divulge the aggregate spending of foreign agencies, so it is not possible to specify accurately their share of billings. However, it's widely believed that agencies with a substantial degree of foreign ownership account for more than 50 per cent. of national billings.

International heavyweights include Leo Burnett, Compton Foote Cone and Belding, Gray, Ogilvy, Ted Bates, McCann Erickson, J. Walter Thompson and Young and Rubicam. And there are almost daily rumours that Doyle Dane Bernbach and Wellsrich and Green are about to hang up their respective shingles. Curiously only one British agency, Massius, so much as approaches the big league.

Between 1969 and 1971 the growth of billings through foreign-owned agencies was around 44 per cent. while the growth in total billings was only 2 per cent. So if the trends continue, the handful of significant Australian-owned agencies will disappear.

It's a contradiction that's provoking questions in Parliament and a degree of militancy from the surviving local agencies. Thus the Australian Association of Advertising Agencies is often branded the 5A's or, if you prefer, the Australian Association of American Advertising Agencies. And there's been a break-away organisation formed called Austac that is dedicated to the turning of the tide. Their demands recently presented to a Senate select committee, include a minimum of 5 per cent. in any given agency with foreign-owned companies being required to divest themselves of 85 per cent. of their shares. As well, they're looking to the new Labour Government—through its newly formed Ministry of the Media—to place all Government business through local firms, along with the advertising for State-sponsored operations like Qantas and Trans-Australian Airlines. They'd also like the Taxation Department to encourage the expansion of Australian agencies by permitting them to retain more funds. Currently, any agency trying to build up its reserves faces a 50 per cent. retention tax.

Local agencies

Austac would also like assistance from the Development Bank to finance agency acquisitions and to provide finance for employees anxious to increase the individual shareholding in local agencies.

However, these submissions may well be ignored, given that the ALP's election results were somewhat enhanced by a much admired campaign of McCann Erickson's.

Insofar as the Labour Government is taking a growing interest in advertising, it is from a puritanical or, if you prefer, consumerist point of view. Thus cigarette advertising on television is being phased out over a three-year period while tighter regulations are being imposed in many other categories. Thus campaigns for analgesics and alcohol are coming under closer scrutiny (there was a move to have them banned outright at the ALP's recent federal conference) while many state governments have passed strong rules to control used-car advertising. As well, regulations have been announced that should discourage advertisers from taking unfair advantage of young viewers who, in the past, have been sitting ducks for exaggerated presentation of toys and games.

Yet while the agencies shrink from prophets of doom, profits aren't all that bad, factors like rising employment and inflation have encouraged a sudden boom. In 1966-67 the total billings through accredited agencies amounted to $A206m. and this figure has risen by around 10 per cent. per annum reaching $A293m.—or 1 per cent. of the Gross National Product—in 1970-71. With retail sales soaring this figure could well reach $A310m. in the current financial year. And it should be remembered that retail, classified and amusement ads. add another $A200m. to the total advertising expenditure.

The media breakdown is similar to that of the U.S., with TV accounting for 49 per cent., print and Press for 43 per cent. and radio for 81 per cent. However TV buying is complicated by the fact that there are no less than four networks, including the non-commercial ABC. Meanwhile the networks are gearing for colour—to be introduced in about 18 months—and their rates are rising sharply.

The rules and guidelines set by the Media Council of Australia are extremely tough and stringently applied. While they've brought a greater stability to the industry than in either the U.S. or U.K., they've also made it difficult for agencies to plan their own destiny and have in some cases, forced them to sell out to overseas interests.

Under the rules local agencies must renew their accreditation every 12 months. This requires that every agent should have $A1.25 of tangible assets for every dollar of liabilities, with cash to cover 2½ to 3 times the monthly overhead expenses. Then, for each additional $A1,000 of annual turnover the shareholders or the proprietors must find an additional $A33.33 of capital. Moreover, the partners or proprietors investing in the agency must be employed full time at agency work. Obviously this latter regulation becomes irrelevant when the prprietor is a David Ogilvy or a Leo Burnett.

Also inhibiting the growth of the locally-owned agencies is the fact that 75 per cent. of the capital must be subscribed by full-time directors or agency employees. This means that no more than 25 per cent. of agency capital can be subscribed by outside sources, and even this amount is subject to MCA scrutiny and approval.

Should an agency fail to settle the account of any medium of the MCA later than the 15th day of the month (that is, following the month of the appearance of the advertisement or, in effect, 45 days) a complete forefeiture of commission is imposed. (This can apply even if the payment is delayed in the mail). All in all the restrictions are extremely onerous and make it very difficult for new agencies to establish themselves.

Rural properties

Once again the major beneficiaries of the system are the multi-national operations. With feelings running very high against foreign ownership of Australian business, rural properties and resources, it might appear that local agencies have a real chance to fight back. But with the advertising profession viewed with growing disapproval by the community at large — and Labour politicians in particular — the agencies are being left to fight it out among themselves.

Apart from Anglophilia giving way to xenophobia, there's a trend away from prime media to below the line activities. Given the growing clout of the major retailers, manufacturers are diverting more and more of the advertising budgets into co-operative campaigns and display. Subsequently the electronic media have little to fear from the restrictions on cigarette advertising or even from the curtailment of alcohol and analgesic promotion. Having ignored television since its introduction in 1956, retailers are now spending large sums on experimental campaigns that, by and large, are proving successful. Thus the Marlboro' man is likely to be replaced by the window dummy.

At its best, the creative standards in Australian advertising are below those of New York, on par with the U.K.'s and far ahead of Europe's. However a high percentage of the output is still facsimile reproductions of Northern Hemisphere campaigns, modified slightly as a result of local research.

NSW seeks to decentralise

By MICHAEL SOUTHERN

Decentralisation has long been a major issue in New South Wales and one to which there has, in the past, been more lip service paid than any real action. Yet, in the last 12 months, it has become an issue of state-wide and national significance. It is ironic that it should happen with a Federal Government that, being Socialist, is anathema to the Conservative government of NSW. But the fact remains that the Federal Government's policies of urban and regional development have been the greatest single factor in pushing forward the plans that were part of a State Government platform in 1965 and all but forgotten ever since.

Decentralisation is important for the nation, and NSW in particular. Ninety per cent. of the state's manufacturing plant (which represents 43 per cent. of total national manufacturing) is crammed into the coastal axis between Newcastle and Wollongong, with Sydney in the middle. More than 90 per cent. of the state's 5.4m. people live in the same area which represents about 2 per cent. of the total land area of the state.

Cheaper labour

There have been some industries which have moved away from Sydney or, using incentives provided by the state government, established well away from the metropolitan areas. In most cases however, these moves have been directed more by a need to be closer to two major markets (as is the case of Borg Warner which, in Albury, is about half way between the motor building plants of Sydney and Melbourne) or by the fact that cheaper labour was available in other areas.

The government has spent, or is committed to spend, $A47m. in assisting industries being established out of Sydney and claims that, as a result, some 70,000 people have been kept in employment out of the metropolitan area rather than drifting into it. But the population of Sydney is still growing by 60,000 a year, placing enormous pressures both on employment availability and city facilities in general.

Last year, the State government established, as statutory bodies, nine regional authorities aimed at both fostering regional development and taking strains off central government. Now, it is planned that whole government departments are to be moved into these regions—the state mapping authority is to be moved to Bathurst (this involves 300 people and their families). And, more important, the state has also begun to designate what it calls growth areas to complement the regional developmental plans and, it is hoped, take some of the pressures off Sydney.

In addition, the Albury Wodonga area—two cities on the border of both NSW and Victoria—have been designated as national growth areas by the Australian Government as part of its decentralisation plans.

The need for faster action is clear. By the end of this century NSW will have a population of some 7m. people, and unless there is a radical change in population patterns, 5m. of them will live in Sydney, already an overtaxed sprawling city, that suffers from pollution inadequate public transport and a lag in education spending; indeed it is a microcosm of the problems that Australia as a whole currently faces.

To encourage industrial development, the state has embarked on a programme to increase its power resources, by contracting to buy natural gas from South Australia, and extending its electricity generating stations (which already generate 8,000 megawatts, or one third of Australia's electricity) to produce 9,700 megawatts by 1976.

But if the decentralisation plans have been given a boost by the new federal government, it is argued by state government politicians and some senior civil servants that pretty well everything else the Australian government has done has been disadvantageous. Many products conceived overseas (and the state makes constant efforts to promote itself in Europe and America) have suddenly floundered because foreigners are uncertain about Mr. Whitlam's future policies, or were priced out of the market by the 25 per cent. deposit scheme in incoming capital.

There is suspicion in NSW over plans by the Federal government to extend its influence within each state on the basis that, as Canberra is putting up money for most of the public services and developments, it should have a say in how it is spent. So, the offer by the Federal government to take over ailing railway systems has not been enthusiastically received by the NSW government. Nor is the State overjoyed at the prospect of the Federal government taking tertiary education or sticking its ministerial oars into stopping motorway projects and major redevelopment schemes in the hearts of cities.

Further, NSW particularly feels the pinch of the current overemployment situation and the prospects of an increased labour shortage as a result of the federal government making cuts in the immigration programme. It becomes more and more difficult for the state government to promote NSW as an industrial base overseas in these circumstances.

Rural industries

It would be wrong, however, to consider NSW only as an urban manufacturing society. Its rural industries are significant nationally and, like others, they have suffered in the past few years but now appear set to flourish in the wake of increased wool prices and rains that suggest the wheat harvest will be a good one this year. But the inroads into rural production have been such that farmers are no longer the significant factor in the state's economy but playing a secondary role to mining and manufacturing. NSW now produces around 68 per cent. of Australia's black coal, 90 per cent. of its asbestos and more than 60 per cent. each of its rutile, lead, and zircon. Miners have begun to fall foul of conservationists who have a powerful lobby in the state and play a significant role in blocking major new developments such as the Clutha plans for a multi-million dollar coal plant at Coalcliff, south of Sydney.

A recent electoral boundaries redistribution will ensure that in the coming State election the Liberal-Country Party coalition will be returned, unless there is a massive swing against it. Yet, mindful that such things are possible, Sir Robert Askin's government has been stressing the facts of growth in the state, and the problems of living with a federal government that will insist on playing a greater part in state affairs. He has also begun to engender a mood of economic nationalism within the state, just as Mr. Whitlam has done with Australia in relation to the world. Best of all, his parliament has at last began to introduce laws to protect consumers.

But what has not been accepted is the fact that irrespective of which government wins the NSW elections, it is no longer possible to continue running the state as an entity of its own, even though it may constitutionally be one. The fact that NSW is the major industrial centre, a significant mining state, a major rural producer and possessor of the finest opera house in the country is no longer of primary importance. What really matters is determining its future is the relationship between state and Federal leaders. So far it has been one of compromise and no one has benefitted.

Victoria's new concerns

By MICHAEL SOUTHERN

Victoria became a favourite spot for foreign investors in Australia during the long and conservative rule of Sir Henry Bolte. Some 15 of the country's top 20 companies, mostly foreign owned, have their headquarters there, while its financial set-up is considered to be very much ahead of Sydney's less conservative groups. Sir Henry, now retired, will be remembered for this, for during his 17 years in office something like 40 per cent. of the foreign capital that came into Australia went to Victoria.

Now he is gone from the political scene, and has been replaced by the younger and progressive thinking Mr. Dick Hamer whose elevation to leadership of the right wing Government (and subsequent election win) dashed any hopes that the Left has for governing the state. Hamer is in some respects in the mould of Mr. Whitlam; he is one of the few Premiers Mr. Whitlam will listen to and one of the few with whom there has not been a slanging match of some sort.

As Sir Henry was obsessed with development, Mr. Hamer has shown a greater concern for life style in his state and appears to want a balanced development between industrial development and the quality of life. He has, for instance, cancelled a 307-mile freeway programme and the $A700m. it will save will go into public transport and arterial roads. And while Sir Henry went abroad seeking funds for Victoria, the state has now begun what appears to be a new policy of seeking both foreign funds for Victoria, and opportunities in both Asia and the EEC for Victoria's industry to invest.

Already, there have been some significant industrial connections made in South-East Asia and China by a Parliamentary delegation. It is now expected that the Victoria Promotion Committee offices in Europe will be upgraded to a status similar to the federal commercial representatives abroad, and new offices opened in important centres.

The search for foreign capital is currently hampered by the Australian Government's policies which restrict capital inflow, particularly through the 25 per cent. deposit plan. So far, Victoria claims it has not noticed a significant let up in investment but it may be that the statistics it has available do not yet show the drop.

Charmless buildings

The Victorian economy survived the slump of the last few years fairly well. Much of this was due to the acceleration in home-building and property development that has transformed the central business district into an area of tall, charmless buildings many of which are empty due to a glut in office space. It survived, too, with the upswing in rural industries as a result of both rising prices and more favourable seasonal conditions. Victoria's primary industries in 1971-72 produced goods worth $A1,064m., about a quarter of the national total. The state still remains the major dairy area for the country and the most significant grower of dried fruits. Once faced with seeming disaster as a result of British entry into the EEC, both industries are now more confident of their future, though the dairy industry still has serious problems.

The state is not endowed with any significant onshore mineral wealth, and so did not gain directly from the mining upswing. But discoveries of vast oil and gasfields offshore, in the Bass Strait, were important. Already, natural gas is being used by Victorian industry and exports of liquefied gas are being made. The oilfields have been producing 53 per cent. of Australia's crude requirements, and a new field, of some 200m. barrels has been declared commercial and a multi-million-dollar development plan begun.

Manufacturing industry in that state produces goods worth in 1968-69 (the latest figure available) $A2,541m.—about a third of Australian manufactures. Victoria has become a major centre for the motor industry and for heavy engineering.

As with New South Wales, however, Victoria suffers the problem of a too urban society. Sixty-nine per cent. of its 4m. population live in and around Melbourne, a city whose suburbs continue to spread in all directions. Decentralisation has become the key policy, through the creation of growth centres. In co-operation with the Australian and New South Wales Governments the border towns of Albury and Wodonga will grow into a city of some 300,000 people. Mr. Hamer's Government recently announced a 10-point plan which divided the state into 10 regions, each with their own capitals, and through which State Government functions will be decentralised. Industry will be given positive and direct financial incentives to move into these areas—these include a rebate on payroll tax which the state governments administer.

In spite of previous efforts to decentralise, it is too early to see just how successful the Hamer scheme will be. For, as they found with the $A30m. port project at Portland, 226 miles west of Melbourne, industry is reluctant to move. Just why this project has not succeeded is difficult to understand. A deep-water port was created and, among other things, it was estimated that some half a million bales of wool would be shipped through the port, and that this region would become a centre for wool and textiles, as well as heavier industries. Sir Henry Bolte called it the focal point for the western sector of Victoria. It has so far attracted a picture frame factory, a manufacturer of hypodermic syringes, a workshop that makes jeans and its lagging meat industry continues to function. It is said that one reason for its failure is the reluctance of the foreign owned cartel of shipowners to use the port. They have centralised on Melbourne, and pay to have the wool from Portland area sent by surface transport for loading onto the ships in Melbourne.

Steel making

The other major industrial development area, Western Westernport, has also run into troubles mostly from conservationists. It is an area set aside for heavy industries that require good harbour sites. The first stage of the BHP-Guest Keen and Nettlefolds $1,000m. steel making complex is in production, and some oil refineries are there. But its effects on the environment of a once peaceful fishing and holiday area have been such that development has been frozen pending a major report on environmental matters and the development of recreational facilities.

To provide open space for the people of Melbourne was once an important function of Westernport. Now, described as a future Ruhr of Australia, it is currently more of a headache for officials trying to plan a balanced ecological development.

Upturn for Tasmania

By ROGER LUPTON

A new national Government, improved world commodity prices, the birth of a multi-million dollar woodchip export industry and the opening of Australia's first legal gambling casino have conspired to produce a marked change in the economic outlook of the smallest state.

Tasmania's relatively tiny population of less than 400,000 and its island isolation from the mainland have insulated it from the boom conditions which often impel the economies of the other states.

Its dependence on farm exports, the fortune of a handful of big manufacturers, world metal prices, costly and sometimes unreliable shipping and on the generosity of funding by the national Government have sometimes provoked a defensive approach to development from leaders in both the private and public sectors. But there is evidence that recent events may have dispelled this defensiveness for some time to come.

The optimism generated by the election of a Labour Government in Canberra is due partly to the fact that for all but three of the past 24 years Tasmania as seen a State Labour Government dealing with a Federal non-Labour Government.

The optimism is mingled with a certain amount of fear engendered by the National Labour Government's undisguised belief in centralising financial administration.

.This fear was made palpable earlier this year when the Australian Grants Commission (the body which calculated the amount of special financial assistance needed to maintain public services at a similar level to those operating in the mainland states) displayed tough-minded and even aggressive attitude towards the State Government's attempts to justify its spending policies.

On the other hand, the Australian Government's centralist offer to take over the state's dilapidated railway system, which runs a debt of up to $A6m. a year, could prove an immense benefit—especially if it involves a rehabilitation programme and the injection of millions of dollars from outside the state.

At present the railways loss is made good by the Grants Commission, but this may not always be so. In addition the state's attempts to secure some degree of viability for the service has forced an unwieldy and costly system of restrictive licensing on the railway's road transport competitors.

Woodchip exports

If the negotiations for the take-over are successful it is possible that part or even the whole of a debt of more than $A20m. incurred by the previous State Government in building a rail link to a northern shipping port handling woodchip exports to Japan might be written off.

Any cut-back in money made available to the State Government because of the new National Government's centralism may be more than compensated for by a proposal to make direct capital grants to local government authorities and by policy of injecting large amounts of developmental money into selected regions outside the major population areas.

In Tasmania the region singled out is the Tamar River Valley in the north of the State which is close to a well-equipped deep water port and has the political advantage of being located in the electorates of the Australian Deputy Prime Minister, Mr. Lance Barnard, and of his nephew, the Tasmanian Minister for Planning, Mr. Michael Barnard.

The new National Government has also made an election promise to do something about removing the freight disadvantage Tasmania suffers because of its separation from the mainland by the waters of Bass Strait—a disadvantage a recent Bureau of Transport Economics survey claimed was a factor inhibiting industrial development in Tasmania.

Special assistance in this regard seems certain to be accompanied by some rationalisation of the State's seven major ports

Continued on next page

Western Australia has trouble ahead

By DONALD LIPSCOMBE

The good news from Western ustralia is that after three ears of relative stagnation, the conomy has staged a remarkable upswing in the last year. he bad news is that the pot f political turmoil is coming to he boil.

Western Australia contains nuch of the riches that will be sed in the Prime Minister's "resources diplomacy." The anberra-Perth axis has been trained even under a Labour overnment, soon to finish its irst term after a period of 12 ears out of office in Western Australia. This tension will tep up in the likelihood of Sir Charles Court soon being Premier, leading either a Liberal-Country Party coalition as there was when he was deputy to Sir David Brand, or leading a Liberal government with sufficient numbers not to need the Country Party.

Fluid situation

Indeed, the state's political situation is so fluid that every week is one of crisis for Mr. John Tonkin and his government, which at a difficult time has acted capably with little real ideological difference between it and the Brand government.

In the Legislative Assembly, the Lower House, Mr. Tonkin commands a majority of one. When his deputy, Mr. Herb Graham, resigned the suburban electorate of Balcatta to head the Licensing Court, this 26-25 lead was threatened. Balcatta has been considered so safely Labour that the Liberals did not contest it in the 1970 poll. Yet the Liberal candidate finished ahead on primary votes, and was defeated by only 30 votes when the Australia Party preferences were counted. Since the party's election, more than 10 per cent. of votes appear to have swung against Labour.

In the Legislative Council, Mr. Tonkin's government is outgunned by nearly two to one, and it is here that the opposition has blocked or emasculated legislation considered basic to his promises. Nowhere is this more obvious than in bills liberalising the state's labour laws. Trades Hall considers the political gamesmanship unfair, and a Liberal government could expect organised labour to be unusually antagonistic. It is likely that the whole arbitration system will be disregarded in favour of direct union-management negotiation.

Even among the state's Labour politicians, colleagues in Canberra are regarded with deep suspicion. Secession is discussed in all seriousness by level-headed businessmen. In Australia's big natural resources state, nobody is more feared than Mr. R. F. X. Connor, Federal Minister for Fuel and Energy. Sensing the mood, Sir Charles Court has made it clear that he is shunning what he calls "the grey area" between socialism and free enterprise.

With West Australian natural resources as the stakes, the conflict between Canberra's socialists — backed by their unions — and Western Australia's increasingly anti-socialist free enterprisers will be as fascinating as it is potentially damaging. In chronicling the coming confrontation, it is easy to overlook just how high the stakes really are. For Western Australia has staged a remarkable turnaround in the past year: job vacancies have more than doubled and the number of registered unemployed has decreased by 30 per cent., bringing back into balance the most obvious symptom of the slump.

Much of the improvement is a direct result of the new rural boom. Demand for wool and wheat continues firm. There is a boom also in building, with the backlog of cottages being caught up and a continuing rush to put up high-rise offices. The key appears in the comparison of fiscal 1972 and 1973 dwelling approvals—numbers up from 12,805 to 16,996 or a rise of 33 per cent., value up from \$A148m. to \$A213m. a rise of 44 per cent. At \$15,400 the average private home costs \$A2,400 more to-day than it did a year ago, not allowing for land, which is increasing in value even faster.

Frenetic urgency

Behind the paper boom is not confidence but a frenetic urgency based on the premise: "Do it now; next year it will cost a lot more." So the impressive statistics must be discounted by inflation of around 1 per cent. per month. The office block situation exemplifies this, since it is considered more economic to build now and have whole floors vacant for months or years than to wait for demand to prompt the decision to build.

Although some sectors of the mining, prospecting and petroleum industry have slowed down, the year's record in general is one of tremendous improvement. Caught by the Japanese steel slump, Pilbara iron ore miners were forced to rethink their development programmes a year ago; to-day they are gearing up for a massive secondary wave of expansion. In some respects, inflation is a friend: runaway infrastructure costs compound the disadvantages of would-be competitors.

Gold is another industry that has been buoyed by the series of world monetary crises. While Western Mining Corporation is putting together a group of companies to develop the existing ores of Kalgoorlie on a new scale, Newmont in the semi-desert inland from the Pilbara iron mines has shattered an old theory by finding what is reportedly a significant gold show in a virgin environment; it had been accepted that all the West Australian gold worth finding had been discovered.

New bauxite projects near Collie in the south-west, to the north of Perth at Muchea and in the far north in the Kimberleys are past the early feasibility stage, awaiting only the next increment in the growing aluminium market. Like the proposed Jumbo steel project planned around BHP, they have been hindered by the federal rule demanding 25 per cent. deposit of overseas funds. Both ventures demand captive buyers, and there are none in Australia.

The heavy minerals industry is moving into a new phase at an appropriate time, with the Eneabba strip 200 miles north of Perth appearing to be the world's best source of rutile and zircon. East coast producers are gearing down under the prodding of conservationists and the effect of lower grades. New nickle mines—including Selection Trust's big mine at Agnew—are being geared for production and the search for copper has been given a new impetus.

About a dozen feasibility studies on major projects, the kind that were regular news items from Western Australia during the late 1960s, are either under way or are prepared and awaiting an external influence to make them go. Policy-makers will have these cards in their hand during the coming months. But somewhere in the untouched deck are the two unfunny jokers—trouble with the unions and trouble with Canberra.

Queensland enjoys a boom

By MICHAEL SOUTHERN

When the general development boom petered out in Australia during the past year or 18 months, Queensland did not suffer at all — indeed economic activity in that State has been running at record levels. Underlying this has been the discovery and exploitation of the State's vast mineral resources and industries built around them. At Weipa, it has the largest and richest bauxite deposit in the world, and reliant upon this is the alumina refinery at Gladstone now coming into full production as the largest in the world. Plans for an aluminium smelter are being considered, along with another alumina refinery at Weipa itself.

At Mount Isa, the MIM company is involved in a \$A200m. expansion of its mines; the nearby Mary Kathleen Uranium mine is resuming production. The coalfields are being exploited for domestic and export markets. In the western section of the State, a \$A140m. project for the Lady Annie phosphate deposits will involve construction of a new town and a new port at Sweer's Island in the Gulf of Carpentaria. This scheme will be operating by 1977.

The massive \$A223m. Greenvale nickel project has already given impetus to development of the nearby port of Townsville. Japanese interests have begun to move into the tourism industry, long a standby for Queensland but one that has with the exception of the Gold Coast on the border of New South Wales, never really been developed. So the list goes on.

Rural industries

The economic activity received a further boost with the rural industries in the State. And the sugar producers, once fearful of the economic impact of British entry into EEC, are no longer afraid. Indeed, in 1972, raw sugar exports reached 2.1m. tons and revenue to the industry totalled \$A310m.

Manufacturing activity in the State has continued to grow at a rate of more than 11 per cent. a year, nearing a value of \$A1,000m. in 1972, and prospects for further growth can be partially gauged from the demand for industrial land around Brisbane and in other centres. To encourage this, the Government has created a series of industrial estates in key centres, which now total 10,000 acres in all. This ties in with of Government policy of encouraging industry to move or establish away from the Brisbane urban area, and in 1971-72, \$A1.7m. was given in financial assistance to achieve this.

The Queensland Government has been running a "Buy Queensland Made" campaign within its boundaries—a factor which, if nothing else, emphasises the degree of independence the State feels from the rest of Australia. In spite of the Federal Government's anti-foreign investment policies, strenuous efforts are being made to promote Queensland to European and Japanese investors.

The State's mineral industries were buoyant, with the total value of minerals mined estimated at \$A360m. for 1972—a rise of \$A22m. over 1971. Coal production last year, with 12m. tons of coking coal exported, gave the State the role of the leading coal exporter. In the current year, coal production valued at \$A116m. last year is expected to rise further, with exports reaching 15m. tons, and doubling by 1980.

Over calendar 1972, total exports from the State were valued at \$A1,157m., while current capital commitment on major projects by private enterprise increased by \$A486m. to \$A3,608m., with another \$A1,500m., still pending.

In the city of Brisbane building of both homes and office blocks has converted the appearance of the place from a sleepy country backwater to something like a modern and lively city. Unlike the other States, Queensland has not suffered from the problems of an urban centred population. Indeed, its population is thinly spread throughout the State though the change from a rural-based economy to one reliant on mining and processing of raw materials has brought about a major population shift that has seriously affected many of the former major population centres.

Politically, Queensland is the most reactionary of Australian States and seemingly proud of it. Jibes from other states about it being the "deep north" because of its treatment of aboriginals have little effect either on the people, or the Premier, Mr. J. Bjelke-Petersen.

Mr. Petersen has become the thorniest of the State Premiers in his dealings with the new Government. Where other States have argued against the centralist policies of Mr. Whitlam, Queensland talked of seccession.

Poor opposition

After Mr. Whitlam had visited London this year, it was Mr. Bjelke-Petersen who followed to "put things right" as it were and make the British realise that there were still good things in Australia. He heads a minority government that will remain in power as long as the State electoral boundaries remain as they are, and faces an opposition so poor that he has to venture into other areas for political kicks.

In virtually every area where the Federal government has intervened in what Mr. Petersen sees as his affairs, he has defied them—even in the border dispute between Australia and Papua New Guinea where he pointed out to Canberra that the border in dispute was the Queensland border.

CONTINUED FROM PREVIOUS PAGE

Upturn for Tasmania

ind the Tasmanian Government ias already announced approval n principal for the formation of a council of port authorities o this end.

The significant factor in the ecovery of the Tasmanian conomy during the past 18 nonths and a consequent reduction in unemployment has been lift in world prices for mining nd rural products.

The continually rising demand or beef on world markets has een seized on by all sections f rural industry as a form of nsurance; sharply increasing vool prices last season has umped ready money into rural ommunities; and the recent pple season has met with firm rices in Europe.

It is too early to tell yet whether the National Government's decision to discontinue ubsidies to local butter producers will seriously affect asmanian dairy farmers.

On the other hand, the decision to effect a 25 per cent. cut n import tariffs seems certain o embarrass the State's newsprint industry, although at least ne member of the textile industry (which has a turnover f \$A40m. and employs 4,000 people; 11.5 per cent. of the factory workforce in the State) laims it is going ahead with a five-year plan to double its production of carpets.

The recovery of world metal prices has returned the state's aluminium smelter, Comalco, to full production. As this company is the state's major power user this could well avert a threatened downturn in the earnings of the Power Generating Authority. Hydro-electric power developments have traditionally been used as a fill-up for an otherwise dull economy.

Giant schemes

Despite national and even international criticism from conservationists over the flooding of a unique inland lake area in the southwest of the state to make way for the \$A120m. Gordon Power Scheme, it seems likely the present State Government will pursue its policy of continuously constructing these giant schemes.

These schemes, which have created 22 power stations, provide the biggest single source of employment in the state, huge capital investment and the cheapest form of power generation in Australia.

With a forecast world wide shortage of fuel resources the government is unlikely to abandon this economic weapon, despite the opposition of conservationists.

He most significant new industrial development in Tasmania has been in timber. The state's second and third woodchip industries began exporting to Japan on long-term contracts this year. At the end of the financial year \$A18m. worth of woodchip had been shipped. The figure will be much higher in a full year.

The advent of this new industry has more fully utilised the state's forest resources and has lifted the value of forest production to \$A150m.

Perhaps the most dramatic development in Tasmania this year—and the one which has attracted the most interest overseas—is the opening of the state's, and Australia's, first legal gambling casino.

The State Government, which taxes the venture at a maximum rate of 30 per cent. of gross takings at the tables, stands to earn well over a million dollars a year.

The impact of the venture can be seen in the increased number of tourists visiting the state during the winter off-peak season and in the number of new shops and restaurants which have opened in a city that ten years ago had no licensed restaurants at all.

Change of emphasis in South Australia

By MICHAEL SOUTHERN

While most of the Australian states have been looking overseas for new investors to establish industries or develop resources, the South Australians in the last year have switched their emphasis to seeking investment from other Australian states. Historically, there is good reason, as most of the industries that are already established in South Australia (there are some exceptions) are subsidiaries or production extensions of companies already operating in Sydney and Melbourne.

And, while the present National Government's policy of curtailing foreign investment continues, it is clear that the states looking overseas can offer little real inducement in the short term. The South Australian attitude has shown results in smaller groups like Levi Strauss, the jeans makers, switching all production from Sydney to Elizabeth, a satellite of Adelaide. Other companies, with a little encouragement, have expanded existing facilities.

Few minerals

Unlike the other States, South Australia has few natural resources. Its minerals are limited, its location is remote from Sydney and Melbourne, but it does have some advantage in being half-way between the Eastern States and Western Australia. It has no container ports, but does have a manufacturing base with the BHP installations and the shipyard at Whyalla.

In its North-Eastern corner, the oil and gas discoveries on the Moomba and Gidgealpa fields have provided an energy source which will both serve other States (New South Wales has made arrangements to take this gas for the Sydney-Newcastle-Wollongong region) and for the proposed industrial growth of South Australia itself. One possible development is a \$A300m. petrochemical plant by Dow Chemicals. The State has a list of "desirable" industries, and is pursuing them. Most are extensions of those which already exist — white goods (washing machines, refrigerators, etc.) Motor cars (General Motors and Chrysler have major production plants in Adelaide and with the steel oriented industries form the industrial base for South Australia) and food processing (as an extension of primary production).

The policy is to get more textile based groups, producers of rubber goods, motor accessories and plastics into South Australia. Some measure of this success can be seen in the major developments of the first six months of 1973, with the establishment of a company to make aluminium light poles, an expansion programme by Chrysler, a new oil refinery to be built by Mobil at a cost of \$A40m., an extension of Coca-Cola plant and a multi-million dollar wool processing plant. The emphasis is on clean industries and those which will create some employment opportunities. It is a constant feature of South Australia's promotion that the State has a good industrial record with ten per cent. of the Australian workforce, and a loss of only 2.5 per cent. of working days lost through industrial disputes.

As with the rest of the country, decentralisation plays an important part in the thinking of the South Australia Government. With two projects well established (one, Elizabeth is now almost a suburb of Adelaide, such has been the growth of both centres), three others have been nominated, two in established cities and for the third new city called Monarto is to be built for a population of some 200,000 by the end of the century.

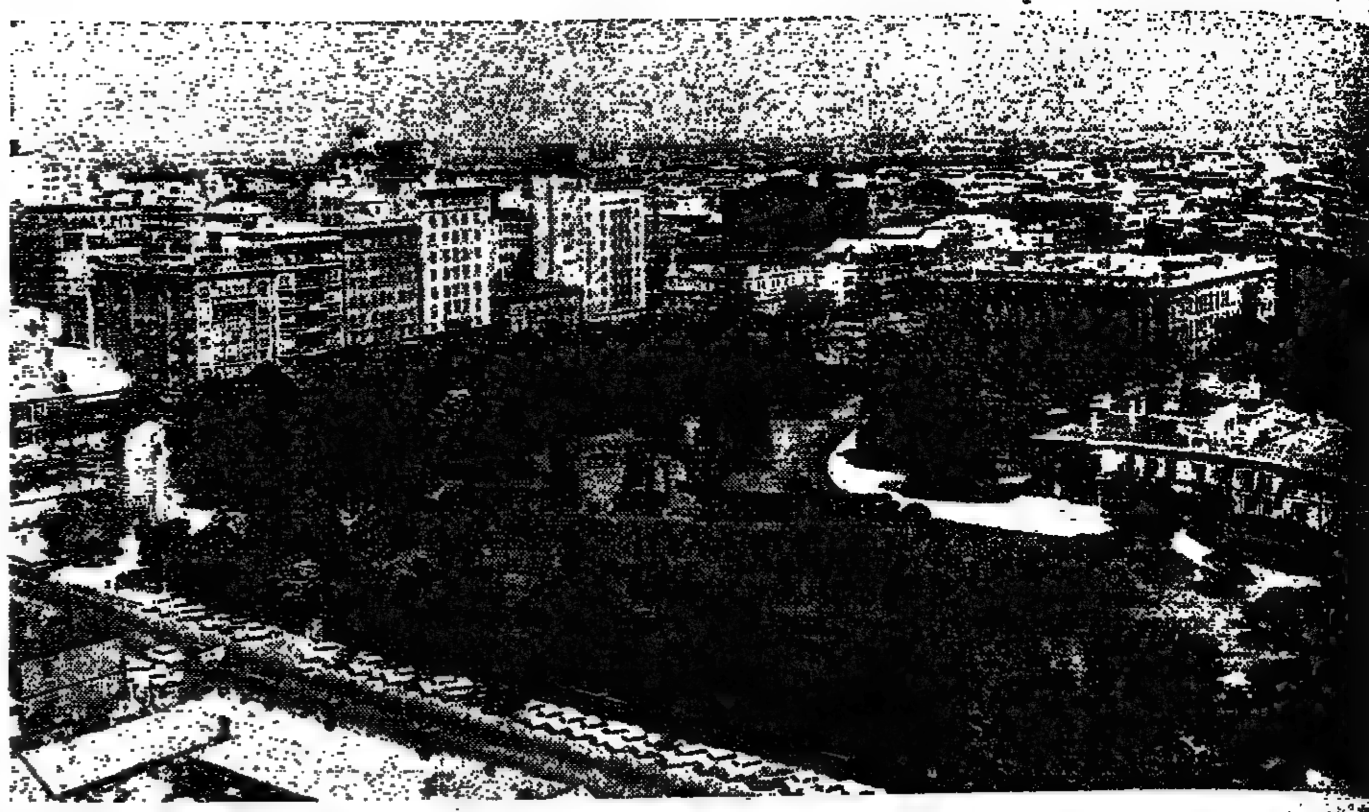
Wage restraints

There has clearly been a change of emphasis in development thinking under the Socialist Premier Mr. Don Dunstan who has stated two objectives to make South Australia attractive to business and retain its traditional advantages of lower wages and a stable workforce, and to make it "the best State in Australia in which to live." Paradoxical? Yes. Wage restraints exist because the South Australia Government is the only one to exercise price controls and maintains some downward pressures on land prices. It is the only State to stand up to the currently serious problem of rising doctor's fees.

But Mr. Dunstan's idea of South Australia becoming the State in which people want to live is beginning to work. Adelaide is a pleasant city, it is relatively pollution free, and there has been a growth of liberal thinking in this State that has left the rest of the country far behind. Above the real need for industrial development, there lies a blanket of culture in its proper sense, and Mr. Dunstan plays on this. His aim is to make South Australia a centre for artisans and craftsmen on the personal level, and, on the industrial level, the centre for technology.

While the manufacturing end of South Australian industry may well run into problems as a result of tariff cuts and the possible end to export incentives, the rural sector has recently seen a revival due to better seasons and rising prices. The wine industry, which produces some 70 per cent. of Australian wines, is looking for further growth with new plantings and, because of the injection of capital now that big companies like Reed Consolidated have bought in, extensions of wine-making facilities. Wheat farmers are expecting bumper crops this coming season and, as with other States, the wool growers have seen great benefit from the price rises.

One of the industries which the State has wanted to develop for some time is tourism, and the first major step came in August of this year with an announcement that a casino will be permitted. The location is not fixed, but indications are that it will be sited in an area probably outside Adelaide where the gambling facilities can be used as a magnet for travellers from both inter-State and overseas and justify new hotel development and other facilities.



Adelaide's square-mile business centre which is separated from the remainder of the city by parkl

Constitutional changes for Northern Territory

By KENNETH RANDALL

The advent of the Labour Government in Australia towards the end of 1972 signalled the beginning of a period of fundamental change for the Northern Territory.

Not all of it has been welcomed by the Territorians, nor is it likely to be in the future. But the Government is now firmly committed to a series of constitutional changes along lines long demanded by the crusty and fiercely-independent people of the Territory.

In his initial reorganisation of the machinery of government, the Prime Minister, Mr. Whitlam, created the first separate Department of the Northern Territory based in Darwin and replacing the former colonial-style administration which had been answerable to the Minister for the Interior.

The position of administrator has, in effect, been allowed to lapse with the powers of the office devolving to the permanent head of the new department Mr. Alan O'Brien. And, at its 1973 National Policy Conference the Australian Labour Party committed the Government to the creation of a fully elected legislative assembly on the lines of a state parliament, by the end of 1974.

The areas in which the new legislature (replacing a part-elected part-appointed Advisory Council) will have final authority have yet to be decided and present a thorny problem for the Minister for the Northern Territory, Mr. Keppel Enderby, who doubles as Minister for the Capital Territory (Canberra).

Full statehood

Mr. Enderby, before the change of party policy in favour of a form of self-government, had expressed the trenchant view that full statehood for the Northern Territory would be madness.

Certainly, on economic judgments the view is hard to dispute.

More than \$A500m. a year has to be pumped into the territory economy directly from the Federal Exchequer each year despite the progressive raising of percapita tax levels towards the level existing in the rest of Australia.

The Territory's population growth rate, at 1½ per cent., is well over four times the national average. The total population, 93,000, is remarkably young—63.5 per cent. under 30, 20 per cent. of the total is of school age. The structure and growth rate of the population alone indicates the continuing heavy pressures for spending on social infrastructure.

Just as important in this respect is the Territory's very large Aboriginal population—about 24,000 — for which the new Government has accepted special responsibility in many areas of social advancement and welfare.

The more militant leaders of the Black Community have, in particular, been concentrating on the Aborigines' rights to traditional land, even when, as recently, it is now four-square in the centre of urban areas like Darwin. Mr. Justice Woodward, of the Australian Capital Territory Supreme Court, is conducting an inquiry on behalf of the Government to a legal formula which would make some form of Aboriginal land rights practicable. But the issue is likely to remain a contentious and divisive one for a long time.

The constitutional future of the Northern Territory is further complicated by the Governmental structure Mr. Whitlam created for his Government, causing what Territorians regard as "fragmentation of functions" (though Mr. Whitlam and Mr. Enderby choose to describe it as "specialisation").

The Minister for Aboriginal Affairs, for example, has complete authority in that field, taking over the welfare functions of the former administration. The Attorney-General carries responsibility for legal matters and the police. A new Minister for Northern Development has primary responsibility for the beef industry. And there are other incursions into Territory affairs by the Ministers for primary industry, tourism and recreation, minerals and energy, environment and conservation, health, education and, to some extent, every other member of the Federal Cabinet.

The overlap of responsibilities, plus the new Government's sharp change of policy in the field of minerals development, have had dramatic results in the Northern Territory. The most obvious affects the vast uranium discoveries in the Alligator Rivers region.

Not only is the Government reluctant to see such a vital energy resource exploited on any significant scale before it carries out the most detailed study of domestic needs world market trends; the concerned is also being fo over for several other reasons

An area of spectacu natural beauty and unique logical qualities, it is by environmentalists national park and by authorities for develo along their lines. In large Aboriginal grou traditional claim to the and there are strong pre to make all of it an Abor reserve.

Mining licences

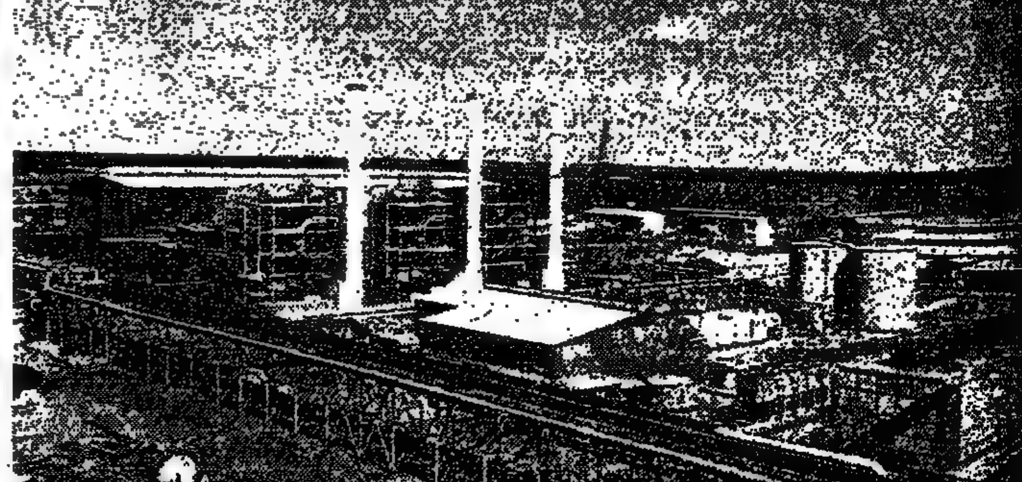
At present, none of uranium discoverers holds current exploration or licence, though this does automatically affect their rig and at least one compan Queensland Mines, has be assured that it will, in course, receive the neces authorities. The terms and co ditions of any uranium develo ment will, however, be different from what was pre ously expected.

Mr. Enderby sees beef pr duction, minerals and touris as the main props for futu economic development, just they have been in the rec past. Of the three, beef, giv the burgeoning internatio market, is the brightest pro spect.

Mr. Enderby, in line Government policy, has been strong advocate of oppos further freeholding of bo rural and urban land but does not appear to be any deterrent to beef development The area of freehold land ha in fact, been falling slowly f several years—21,000 acres the past five years.

Mr. Enderby says the tre will continue. He is at prese resuming, as well, some lea holds on which the lessees not met the minimum develo ment requirements. "This neither ideological nor nec sarily directed at absentee lan lords," he says. "We are sim determined to make the use of resources."

That same proposition is starting-point for practically development planning for Northern Territory under new Government but its transla tion into practical terms seem certain to be a long and comple process.



A view of Gove Alumina Ltd.'s bauxite alumina plant.

Food manufacturer v. food retailer in Phase Two

A tug-of-war over profit margins

BY SANDY McLACHLAN

WHATEVER ELSE the effects of the Phase Two regulations they seem to be driving a wedge between manufacturers and retailers in a number of areas. Relationships between these two groups are seldom entirely without friction. Although they need each other, the relative profitability of each depends on the strength of their bargaining position vis-à-vis the other. Where the manufacturer is strong the retailers are likely to find their profit margins dictated; but where the buying power of the retailer has the upper hand it is the manufacturer who finds his profitability eroded by bulk purchasing discounts.

Phases One and Two, each in their own way, have tended to upset this already precarious situation, particularly in areas such as the food industry where substantial price changes have been inevitable as a result of raw material price increases.

Uneven

The experience of the food trade is shared to a greater or lesser extent right across the board. The impact has been less noticeable in areas where the increase in raw material prices has been less. But it seems to be generally agreed that one of the structural defects of the Phase Two controls is the unevenness of their impact, and this is one of the many anomalies to be ironed out in Phase Three and beyond.

In Phase One it was the food retailers who started to complain because under it they were obliged to maintain their cash margins. Where prices were rising therefore the gross percentage margin which the retailer achieved was falling. This meant a falling net margin, and if the retailer were financing his own stocks the increased interest charge, combined with the same cash margin, would also mean an actual profit reduction.

In Phase Two the roles have been reversed. While all enterprises are limited to profit margins equal to the average of the best two of the last five years the retailers have been allowed, within this constraint, to maintain their gross percentage margins on goods where there is a manufacturers' price increase.

Time lag

The manufacturers are bitter about this. The food industry is one where the power of the retailers has, over time, allowed them to maintain an adequate return on capital employed. To some extent, however, this has been at the expense of the manufacturer, who in many cases has had to settle for a barely adequate return as the price of getting the business of the major grocery chains and in addition has effectively financed the retailers' stocks.

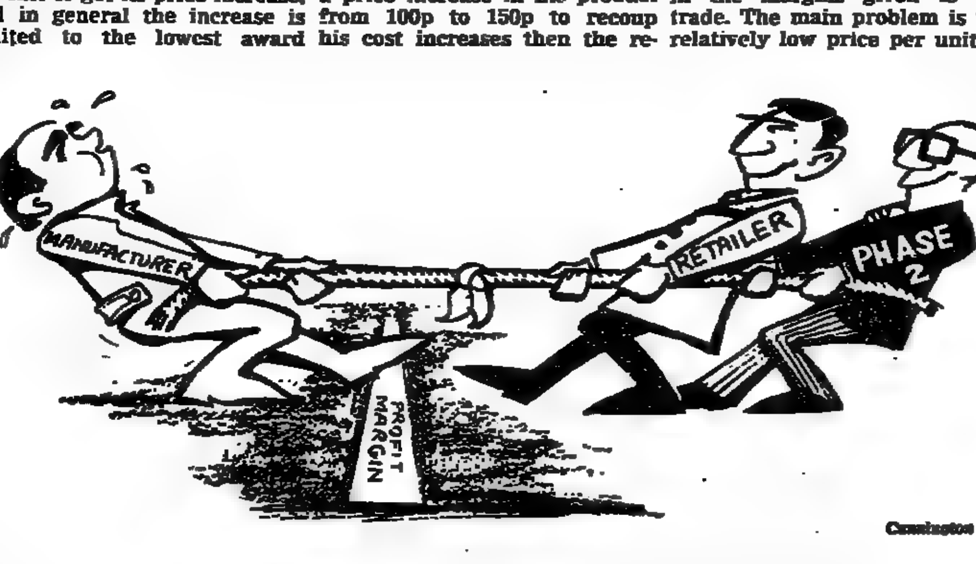
The manufacturers' problems under Phase Two are well known. They can recover raw material price increases, but in practice this can only be achieved after a time lag, during which their profits are eroded.

The reference companies have to wait on permission from the Price Commission before recouping these and other costs, while the other manufacturers—by definition the smaller companies—cannot afford to increase their prices out of line with the market leaders. Everyone thus moves at the pace of the reference company which is the last to get its price increase, and in general the increase is limited to the lowest award granted in any particular profit range.

Moreover the food processing industry is not an easy one in which to achieve higher productivity, so that the productivity deduction—which allows only a proportion of increased wage costs to be included as an allowable cost in seeking price increases—is another factor eating into profits.

The widely held view among manufacturers is that while they have to fight hard to achieve each price increase—and even the labour involved in properly documenting price applications is a substantial additional burden—the retailers get the benefit automatically because they can maintain their percentage mark-up.

If a manufacturer is allowed a price increase in his product from 100p to 150p to recoup his cost increases then the retailer who puts on a 10 per cent. mark-up will increase his retail price from 110p to 165p. In cash terms his margin per unit goes up from 10p to 15p. The manufacturers argue that, while the price increase they have achieved probably does not go all the way to covering the increased cost incurred, the retailer is getting his automatic price increase irrespective of whether he has incurred extra costs or not.



Cummings

At the other end of the spectrum the retailer criticises the unfair directional effects of Phase Two on his profitability. Confectionery and tobacco retailers are on the whole much less powerful than the major groups who manufacture these products, and so it is the manufacturer who has the major say in the margins given to the trade. The main problem is the relatively low price per unit of many products, which makes fine tuning through price increases difficult.

To take a recent example, Imperial Group recently won a price increase for its cigarettes. Although the increase is important to Imperial, it would have justified a price rise of only 0.64 per cent., which could not be accomplished by adjustments to a unit price of, say, 26p for a pack of Embassy Tipped, given that the smallest coin is the ½p.

To get round this problem the Price Commission allowed Imperial to recover its increased costs by a small reduction in the weight of tobacco per cigarette. The retailers, while realising the difficulties facing the manufacturer, point out that they too have rising overheads (if not to the same extent), but with the recommended retail price held at the same level they are unable to recoup these.

There is no way the Price Commission can take the problem of the shopkeeper's margin into account when faced with an application for a price increase from the manufacturer, since its decision can be based only on the actual increase in costs documented by the company making the application. And the small retailer can hardly push up the price of cigarettes to recoup his increased costs when he is already facing cut-price competition from other outlets.

The National Union of Retail Tobacconists is to consider at a meeting later this year whether it might get round this problem by making a direct approach to the Price Commission and asking it to approve an uplift of the profit margins given by the suppliers.

Confectionery

In confectionery the situation is slightly different. Traditionally the major confectionery companies aggregate the total increase or decrease in revenue allowed and alter the price of certain lines to account for most of this. Where prices change the tendency is to maintain percentage margins to the retailer, but again a certain amount of price alteration is accomplished through weight adjustment.

When confectionery was zero rated for VAT—implying price reductions, since chocolates and sweets had previously carried purchase tax at 18 per cent.—the manufacturers reduced the cash margins to the trade, while percentage margins went up a little. This meant that to make the same gross profit retailers had to sell more, but the margin alterations were designed to give them the same gross take based on past experience of demand elasticity for confectionery as a result of tax changes.

The major confectionery manufacturers work to a formula aimed at giving the retail trade a constant percentage of the total retail value of the confectionery market. To the extent therefore that manufacturers cost increases are recouped through weight adjustments the retailer gets no cash benefit from the change, since the total retail value has not increased. In fairness though the increased take on items where the price has risen is probably adequate to cope with rising overheads.

Thus the confectioner probably does not fare too badly, and the tobacconists are working out ways of finding their own salvation, but what of the criticism levelled at Phase Two by the food manufacturers in terms of giving the food retailer a free ride and the manufacturer himself a rough one?

The retailers themselves tend to smile a little sympathetically and say the manufacturers have got the wrong end of the stick. They claim that their own margins on food sales have shrunk during Phase Two and that competition is an effective means of ensuring they do not maintain percentage margins and cream off the cash difference when prices are increased. They point out too that they also have rising overhead and staffing costs.

Holding back

Nevertheless in the face of rising prices of raw materials and increasing manufacturing costs there is little doubt that the retailers are faring considerably better than are the manufacturing companies. For their part retailers and distributors complain that brand unavailability is becoming an increasing problem, since manufacturers tend to hold back supplies if they feel a price increase is pending: the better stocked the trade is the longer it takes the manufacturer to get his product through the pipeline and onto the shelf at the new prices.

Because of the structure of the food industry and the strains imposed on this structure by commodity price movements it tends to highlight the directional effects of Phase Two. But it is true to say that the retail trade in general has suffered little under the restrictions, and there is a strong feeling that retailers more than manufacturers, will be shown to be pressing their margin ceilings, according to the figures submitted to the Price Commission at the end of last month.

Labour News

Suspended unions to miss TUC

BY JOHN WYLES, LABOUR STAFF

MANY OF the 21 trade unions who have defied TUC policy on the Industrial Relations Act will not attend the annual Trades Union Congress in Blackpool next week which is expected to confirm their expulsion for failing to de-register under the Act.

Several of the largest of these unions have forfeited the right to send a delegation to Blackpool because they have withheld affiliation fees from the TUC since their suspension at last year's Congress.

These include the 93,000-member National Union of Bank Employees, whose general secretary, Mr. Leif Mills, will attend the Congress as a visitor. No official representative from the 50,000-member National Union of Seamen nor the Confederation of Health Service Employees, which has 103,000 members, will be present to hear their union's expulsion from the TUC confirmed.

All those who will lose their membership of the TUC next week were among the 32 unions originally suspended at last year's Congress.

Since then, several unions have fallen in line with TUC policy and had their suspensions lifted. Many of those that remain are small organisations with low memberships, but together the 21 facing expulsion have a combined membership of more than 300,000.

Union chief fears winter of industrial discontent

MR. DAVID BASNETT, general secretary of the General and Municipal Workers' Union, Britain's third largest, has warned of industrial unrest in the winter unless the Government takes firm action over prices.

Mr. Basnett condemned the Government's "prices fraud" and criticised Ministers for their complacency in the September edition of his union's journal.

Mr. Basnett, who is a member of the TUC team which took part in last week's talks with Ministers on the economy, said the Government was responsible for "an intolerable situation."

His attack, coupled with the warning of possible industrial discontent later in the year, is very similar to recent statements made by the leaders of Britain's two largest unions—Mr. Jack Jones, of the Transport Workers, and Mr. Hugh Scanlon, of the Engineers.

"Against the background of what one leading Stock Exchange firm has called an unprecedented profits boom, workers' wages are being restricted, food costs are rising, mortgages and rents continue to increase and every week there is the spectacle of the Price Commission pushing through more and more increases in the cost of necessities."

British Leyland near switch to flat-rate pay

MORE THAN 15,000 British Leyland car workers in Coventry are reaching the crucial stages in the corporation's programme of switching its entire labour force to a form of flat-rate pay from piecework, notoriously the most frequent cause of disputes.

At the Triumph car plant in Coventry a mass meeting of nearly 8,000 employees was called yesterday morning to hear a recommendation from the joint stewards' committee to accept the proposed Protected Earnings Plan.

As already disclosed in the Financial Times, this provides nearly £50 a week for 60 per cent. of production workers, and up to £54.20 for the highest skilled. Over the whole range of jobs, pay improvements span £1.30 to £6 a week, to give a bracket of £37-£54, together with improved fringe benefits.

A unique feature, for British Leyland, is the retention at the insistence of the workers' representatives of a 10 per cent. piecework element.

The agreement, if accepted by employees and the Pay Board, will be back-dated to July 1, and wage levels and benefits will be renegotiable after 12 months. A final decision will be taken in a secret ballot tomorrow.

Similar proposals at the nearby Jaguar plant, the last car plant still to reach agreement, have run into opposition since they began to be presented by stewards to their shop-floor members at the beginning of the month. This is mainly over erosion of some differentials in the grading structure.

The proposals were recently worked out during a concentrated six weeks of negotiations at a Rugby hotel, and provide from £40, for labourers and toilet attendants, to £53 a week. The majority average about £49.50.

IATA air fare talks point to more special offers but no cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE USE of existing types of promotional air fares may be extended substantially next year, but further cuts are not likely, and some scheduled service fares may even rise a little.

This overall pattern emerges from a review of the airlines' intentions, as they open several weeks of discussions on new fares policies in Nice and Monaco to-day.

The talks under the auspices of the International Air Transport Association, are aimed at settling new fares for the year from next January 1 for the North Atlantic, and from April 1 for the rest of the world's routes.

There will be separate sessions covering different parts of the world. The talks concentrate on European rates, while talks on Atlantic fares will start on September 6.

So far as the Atlantic is concerned, the much-publicised decision by the U.S. Appeals Court in Washington, ordering the Civil Aeronautics Board to amend an earlier decision approving existing Atlantic fares, has created an entirely new situation.

Originally, the Atlantic airlines were planning to retain the existing structure of fares on the route, and refrain from seeking any dramatic new types of fare, while raising some scheduled rates by amounts up to 5 per cent. to take account of rising costs.

Now, they will have to think again, in the knowledge that the CAB will not be able to approve fares agreements that do not take the wishes of consumers fully into account, and for which it cannot give adequate economic justification.

The airlines' difficulty is that with costs rising all round—and the increases have been particularly severe this summer—they would like to hold the line on fares for a time if they can, rather than press for further reductions.

To some extent, the U.S. Court's ruling could help British Airways (BOAC) to push for the introduction of cheap Advanced Purchase Excursion (APEX) fares on scheduled services to match the cheap Advanced Booking Charter (ABC) fares already in use on charter flights.

Hitherto, this type of fare has been blocked by the U.S. airlines and the CAB. Now, the latter may well feel inclined to support it, if only to avoid another Court ruling against it.

Airlines on both sides of the Atlantic were considering the implications of the Court's ruling over the week-end. The immediate reaction was one of caution, however, on the grounds that the CAB could appeal to the Supreme Court, and have the Appeals Court ruling overturned.

The CAB has 21 days in which either to appeal or submit further evidence in its favour. This period ends during the course of the IATA talks.

So far as European fares are concerned, the situation is simpler, since on those routes the U.S. Court's judgment is not effective.

Accounting unit

Thus, British Airways (BEA) will be pressing for an extension of a wide range of promotional fares, such as the "Freewheeler" fly-drive scheme, cheap fares for wives of businessmen under the "spouse fares" scheme, cheaper excursion fares on some routes, and low group fares for children and students.

It will also be seeking an extension of the APEX type of fare to other routes (it is used at present on Scandinavian routes (but the climate for widespread use of such a fare is not too favourable at this time).

Nevertheless, BEA will be aiming to spread promotional fares in Europe, as competition to the cheap package-tour travel market.

Meanwhile, AP-Dow Jones reports from Paris that the major airlines have agreed in principle to a new accounting unit that would replace the unstable dollar and pound in settling international air fares.

A communique issued at the conclusion of the IATA conference said a majority of the 73 carriers attending the meeting approved the plan, although the airlines called for "further refinement and study" to compare the current system and the one proposed. The results will be studied at an IATA conference next year.

The new accounting unit would be called the IATA Unit of Value (IUV) and would be designed to promote stability in traffic transactions pending establishment of a new international monetary system.

The communique said the IUV would be based on the concept of Special Drawing Rights issued by the International Monetary Fund. IUVs could be employed as the central negotiating value for subsequent conversion into some 168 national selling currencies at agreed and realistic factors or parities," the communique said.

Canada rail strike hits papers

BY OUR OWN CORRESPONDENT

MONTREAL, August 27

THE CANADIAN railway strike has had an immediate impact on the pulp and paper industry here and North American newspapers have had to make more cutbacks in paging.

The Wall Street Journal, for instance, said to-day it was "unable to publish the kind of newspaper we would like to provide for our readers."

Two newsprint mills in Ontaria were shut down at the week-end and there is a possibility of closures in British Columbia later this week.

The effect of the strike on the mining and metals industry will be disastrous, said a senior official of Noranda Mines, if it is prolonged much more than a week.

Abitibi Paper, one of the largest Ontario pulp and paper companies, has closed two of its Ontario mills

Another Ontario company has cut production by half and begun lay-offs. The Council of Forest Industries in Vancouver declared that mill closures in the West may start this week.

Generally the mining and metals industries can carry on operations for perhaps a week, but after that several big mining operations inland, such as Hudson Bay Mining and Smelting's Flin Flon operation in Northern Manitoba, and Cominco's at Trail, BC, will have to slow down severely.

There is no immediate danger of the big Montreal Canadian copper refiners plant of Noranda Mines closing.

BOAC may appeal against Caledonian routes award

BRITISH AIRWAYS (BOAC) may appeal against the decisions of the Civil Aviation Authority giving several major new routes to British Caledonian Airways, including Singapore, Boston and Toronto.

Under the Civil Aviation Act, 1971, any airline that is dissatisfied with a route award can appeal directly to the Secretary of State for Trade and Industry.

The chances of any such appeal being successful, however, seem to be slim.

The White Paper on Civil Aviation Policy Guidance, published early last year, set out the Government's aims as being to ensure that at least one major British airline, other than the British Airways group, had the chance to provide air services world-wide—the so-called "second force" airline. British Caledonian is that chosen instrument.

The White Paper also said that in any case coming to him on appeal, the Secretary of State "will have regard to the objectives and the guidance, and will uphold the (Civil Aviation) authority's decision unless there is a clearly substantial reason for departing from it."

Any grounds for an appeal by British Airways (BOAC) because of loss of revenue, and possible redundancies, have already been dismissed by the authority, which in its justification for giving the routes to BCAL specifically said it did not accept BOAC's forecasts of such revenue losses and redundancies.

It went further and criticised British Airways for not taking account, in formulating its future plans, of the existence of a "second force" airline under Government policy.

Thus, British Airways would be in the position of appealing to a Minister representing a Government which wrote the original policy guidance.

British Airways and BCAL will come face to face again in October. The independent airline has applied for licences to operate between London and Athens, Milan, Brussels and Frankfurt—all of them routes flown by BEA.

BSC ore terminal objections

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

GLASGOW, August 27.

THE HUNTERSTON Development Company to-day joined nearly 1,900 individuals and organisations who have lodged objections to Ayrshire County Council's proposed compulsory purchase order of ground required by the British Steel Corporation for its £30m. deep-water iron-ore terminal on the Hunterston Peninsula.

The move brings the company into open conflict with the Corporation over the issue of who should control the terminal.

As the result of this struggle, the Clyde Port Authority has quit the Hunterston Development Company, which owns the relevant land, and the project is now in danger of being seriously delayed.

The BSC has already warned that further delay in gaining access to the necessary land for the project—on which they were anxious to make a start in October—"would frustrate the viability" of developments at its Ravenscraig steel strip mill in Motherwell where some £60m. is being spent to double steel output.

The Hunterston Development company—the private consortium of industrial and Scottish business interests founded two years ago—to-day explained its basic objection to the BSC plan which is now backed by the County Council's application to acquire about 240 acres at Hunterston.

It said that ownership of part of the land at Hunterston by others would prevent the optimum development and use of the site as a whole and could present problems in the use of part of the area.

The Scottish Office is now examining the objections urgently. Like the Corporation, it is anxious to see an early start made on the terminal for two reasons:

First, to provide modern import facilities for Ravenscraig whose big expansion should be complete in March 1976; second, to act as a trigger for further industrialisation of the area where there are about half a dozen outstanding applications for projects, including two competing oil refineries.

MR. BASIL WEST

Mr. Basil West, joint managing director of the Automobile Association, will join Lonrho on September 3. The report, in the Financial Times on Friday, that he had already left the AA was premature.

COMPANY NEWS + COMMENT

Considerable confidence at Norwest Holst

THE FUTURE of civil engineering and building contractors, Norwest Holst, is viewed by the chairman, Mr. D. B. LeMare, with "considerable confidence."

The directors firmly expect that the sharply increased level of trading profit achieved in the second half of the year to March 31, 1973, will be at least maintained throughout the current year, he adds.

As reported on July 25 group pre-tax profit for the past year was £1,524,000 (£911,000) of which £1,236,000 (£447,000) came in the second half. The gross dividend is 13.125 (12.5) per cent.

The major activity is in civil engineering and building construction, including specialist departments dealing with main laying for the Post Office, Gas and Water Authorities, and reinforced concrete design and construction, and the chairman is confident that this side will continue to make an increasing contribution to profits.

On private housing he says that for the immediate future conditions are favourable and increased profits are expected from this Division for the current year. Commitments in local authority housing have been reduced and new contracts entered into are progressing satisfactorily.

Regarding the activity of a consortium which has been purchasing shares in the company, the chairman says despite meetings with its representatives, its intentions are still far from clear. "However, on the evidence which we have we do not consider that the acquisition of your company by this consortium, if that is its intention, would be in the best interest of the group, and, in particular, its employees," he declares.

As at March 31, 1973, the consortium, comprising Mr. R. Slater, Mr. J. Lilley and Mr. L. Hall, First National Equities (a subsidiary of First National Finance Corporation) and The Direct Spanish Telegraph Company held about 21.24 per cent. of the Ordinary capital. As at July 11, the holding had been increased to about 28.69 per cent.

The president, the four executive directors of the company and five senior executives have since March 29 and up to July 30, 1973, purchased as a group 412,000 Ordinary shares at an average price of 121.2p.

Chairman statement Page 8
See Lex

HIGHLIGHTS

This week's list, though foreshortened by the Bank Holiday, still takes in one or two leaders. Half-year results are due to-morrow from **British Rollmakers** and on Thursday from **Mather and Platt** and **Brown Brothers and Albany**. On Thursday results for the full year should come in from **Wrensons Stores**, and on Friday from **Acrow (Engineers)**. Later to-day, an interim statement is expected from **Percy Bilton** and from **Leonard Fairclough**, while full-year results from **British Car Auctions** are also due. To-morrow should bring interims from **Slough Estates**, **Low and Bonar** and **Na-Swift**, while on Thursday there are **Richards and Wallington** and **Ofrex**, likewise with half-time statements

Forminster well ahead so far

IN THE absence of unforeseen circumstances, profits of Forminster for the current year will again show a "most satisfactory increase" chairman, Mr. H. Bronstein, tells members.

In his annual report he says that in the first three months of its current year, the group's unaudited figures show a substantial advance in profit and turnover.

A significant addition to profit and turnover should also result from the further 20,000 square feet of factory premises which went into production in July.

On future acquisitions Mr Bronstein says, the group still has a good liquidity position and intends to acquire further companies in the clothing industry when suitable opportunities arise.

As reported on July 25, group profit, before tax, for the year ended April 30, 1973, advanced from £226,591 to £381,712. The total dividend is 45 per cent.—a permitted increase of 7½ per cent. on 1971-72

The profit includes 11 months trading by Kidax Companies, which has proved a satisfactory addition to the group's activities, Mr Bronstein reports.

The principal activity of the group is the manufacture and sale of ladies' and children's outerwear clothing. Meeting, May Fair Hotel, W., September 18 at 12.15 p.m.

Unitech sees more progress

BASED ON orders and sales for the *first two months*, together with internal budgets for the remainder of the year, chairman of Unitech Mr. P. A. M. Curry expects to see "a further improvement in group profits."

However, he warns shareholders that after tax earnings will not show the same proportional increase, because of the higher tax charge due to the rates of Corporation tax which take effect during 1973-74.

The chairman goes on to say the group is facing an increasing demand, which is causing difficulties with regard to the availability of component supplies and labour.

As reported on August 8, group profit, before tax, for the year ended June 2, 1973 expanded from £470,000 to £630,200 and the total dividend is 8p gross (1½p).

A break down of sales and profit, before tax, shows electronic component marketing £4.88m. and £294,000; electronic test equipment and sub-units £2.21m. and £160,000; component manufacturing £928,000 and £94,000; industrial controls £372,000 and £38,000; computer peripherals £405,000 and £80,000. Other profit, before tax, including parent company was £6,000.

Meeting, Great Eastern Hotel, E.C., September 21, noon.

Howard Tenens to improve

PRESENT INDICATIONS are that the current year will see a *resumption of the upward trend* in profits for export packers and packing case manufacturers Howard Tenens Services states chairman Mr. E. C. Morris.

The movement into Phase Two of anti-inflation programmes, including the recognition of the export business as a special case, has already brought some relief, he adds.

As reported on July 31, pre-tax profit for the year ended March 31, 1973, was £805,611 (£908,693) with a dividend of 4½p (same) per share. A one-for-one scrip is also proposed. Profit was struck after £27,558 compensation paid to former directors for loss of office

Figures do not include the Shipping and Forwarding division but they have been arrived at after charging interest of some £36,000 on borrowings used to finance the division's capital requirements. The U.K. companies included in this division were acquired only in August, 1972, and it has not been thought worth while to delay announcement of the main results in order to bring in their eight months' figures.

Although the effects of the steel price increases made in the early part of the year were passed on to customers only part of the additional cost of substantial wage awards negotiated *in April* and October were recovered. Just prior to the commencement of Stage 1, moreover, the price of timber began *to increase* in a "spectacular" fashion and little of this could be recovered before the end of our year. The total effect of these factors was to reduce profit by something in excess of £250,000, members are told.

In January, 1973, the group made its first acquisition on the Continent by the purchase of Rematex S.A., a firm of warehousemen and shipping and forwarding agents based in Ghent and Antwerp. The directors expect to acquire further sites for development in Antwerp, and perhaps in Ghent, during the current year.

A further land and buildings valuation carried out as at March 31 disclosed a further surplus of £3,023,000 which has been credited to capital reserve.

Approval is sought for the introduction of a share option scheme for executives, subject to restrictions imposed by the anti-inflation measures.

Meeting, Winchester House, E.C., September 19 at 11.30 a.m.

L. Ryan looks to 1974

CURRENT YEAR profits in line with those for the year to January 31, 1973, are forecast by Mr. L. Ryan, chairman of L. Ryan *Holdings, coal recovery, plant* hire, engineering and transport group.

He says he does not expect the full breakthrough to a substantially higher profit level to come until 1974.

The delay in the increase in coal selling price until May 1 has not been helpful for the first half of the current year. But some improvement over the year is expected, more particularly when increasing momentum gathers from the changing technique of operation in Belgium.

As reported on July 21 group pre-tax profit for the past year was £690,186 (£671,907) and the dividend 13.35 (12.72) per cent. net.

Meeting, Cardiff, September 20, noon.

Full order books at Downing

WITH THE present Governmental policy "of attacking profits," chairman of G. H. Downing and Co. Mr. D. S. Hartley tells members they "cannot expect the rate of growth of the past two years to be repeated in the current year."

In building materials the group still has a full order book and is quoting extended deliveries—and the directors see this position continuing well into 1974, the chairman says.

In refractories also the order position continues to be satisfactory.

As reported on July 7 group profit, before tax and extraordinary items for the year ended March 31, 1973, expanded from £748,170 to £1,233,616 and the gross equivalent dividend total is 11.63471p (11.1p adjusted for scrip).

Mr. Hartley stresses that the directors are taking steps to continue group growth and intends during the year to start the erection of a second tunnel kiln at Huncoat, to double production there by the summer of 1974. They are also further extending production capacity in the refractories division and expect to have increased this by about 35 per cent. by May, 1974.

The chairman believes opportunities in the field of prefabricated ceramic faced panels are considerable. To this end the directors are laying down plant for the production of panels using a process for which an exclusive U.K. licence has been obtained and have recently acquired The Transform Ceramic Company which is already producing lightweight ceramic faced panels.

All of this expansion will be financed from own resources. At the same time the directors are actively looking at the possibilities of investment in Europe, in fields where they can use their particular expertise.

Turnover was £5.44m. (£4.6m.). A breakdown of contributions to sales of pre-tax profits shows products for the building industry £4.1m. (£3.4m.) and £1,023,668 (£643,505); refractories £794,000 (£574,000) and £117,506 (£20,740), and electrical goods and contracts and general machinery sales £572,000 (£630,000) and £67,999 (£83,016).

It is planned to introduce a share incentive scheme for selected full-time executives, including directors, when restrictions are lifted. The scheme, devised by the specialist consultants Arbuthnot Incentive Trustees, allows a discount on the *share price linked to achievement* of defined personal and departmental objectives making the Downing scheme similar to that devised by AIT for National Westminster Bank earlier this year.

At June 30, 1973, Credit Suisse Geneve Nominees held 664,318 Ordinary shares in the company. Meeting, Stoke-on-Trent, September 19, noon.

● comment

Despite another record year's trading, **G. H. Downing** are standing at the year's low of 153p, mainly because of indications that the boom in building materials has passed its peak. But Downing has a full order book into 1974, is going ahead with expansion of capacity and is also extending in the refractories side, so another active year looks in prospect. What this may mean profitwise, however, is less certain since the sharp rise in profit margins over the past two years could come up against Phase 2 limitation, though the group's substantial capital expenditure programme may afford some relief. So the net p/e is a lowly 7.3: but the yield of 7.6 per cent. may hold attraction for some.

Mr. Francis O'Brien Newman, chairman of Montagu Trust, which has just been taken over by Midland Bank and which is due to hold its annual meeting in London to-day.

DIVIDENDS ANNOUNCED

	Current payment %	Date of payment	Corresponding div. %	Total for year %	Total last year %
Luganvale Estate	4.66(a)	—	4.87*	8.66	8.25*
Wolverhmptn. Racecourse	7§	—	10	7	10

* Equivalent after allowing for scrip issue. † Pence per share. ‡ On capital increased by rights and/or acquisition issues. § Net equal to last year's gross. (a) Gross of 3.26 per cent.

National Group

In circulars to shareholders, the directors of First Re-investment Trust and of Nelson Financial Trust, *say that in view of the* powers given to the investigating inspectors appointed by the Secretary of State, they will not comment further at present on the transactions in shares of the National Group of Unit Trusts by Sir Denys Lowson, their chairman, and other interests.

To meet the requirements of the Stock Exchange they give members full details of the already known deals.

These show that the consideration of £14,260 received by both First Re-investment and Nelson Financial for the National Group shares sold, represented 0.15 per cent. and 0.232 per cent. respectively of the two companies' portfolios at the date of the last accounts.

Recovery well under way at Sadia

The recovery of electric water heater manufacturers **Sadia** from its last several years of difficulties is now well under way, reports chairman Mr. E. J. Haussauer. He says, subject to there being no major setbacks outside the directors' control, next year will show continuing recovery.

As reported on August 4, pre-tax profit for the year ended February 28, 1973, was £74,505 against a loss of £10,438 in 1971/72.

The chairman reports much improved results from all companies with the exception of Sadia Water Heaters, where, despite a healthy order book, the year resulted in a loss, almost entirely due to production shortfalls consequent upon closure in October, 1972, of the Northolt factory and its entire relocation at Salisbury.

Both overseas operating subsidiaries are "going from strength to strength." Extensions to the South African factory are about to commence, to cater for the increasing volume of production required—cost will be funded locally.

As planned, overdrafts have been significantly reduced and the group is considered to have adequate working capital for present needs.

At July 31, 1973, the Delta Metal Co. was beneficially interested in 673,850 Ordinary and 261,913 Deferred shares of the company. Meeting, Gerrards Cross, Bucks., September 20 at noon.

Macarthys forecasts growth

The directors of **Macarthys Pharmaceuticals** are budgeting for higher profits during the current year and, says chairman Sir Hugh Linstead, the present sales picture gives every reason for confidence that they will be achieved.

The group intends during the coming year both to expand its existing activities in all fields and to seek opportunities for growth by acquisition, for which it is "well placed."

As reported on July 27, pre-tax profit for the year ended April 30, 1973, was £1,317,526 (£1,087,089) with a dividend of 19.4 per cent. (equal 18.5 per cent.) gross.

Turnover in the pharmaceutical distribution sector rose by 18 per cent. to £25.5m. Bearing in mind that the group's wholesale turnover is principally related to sales of prescription requirements, Sir Hugh says the increase is well above the market pattern and reflects the group's growing share of available business. Present plans envisage the opening of a further three distribution depots during the current year.

The surgical business has been established on a firm footing, the chairman continues and the coming years should therefore show significant sales increases and overall higher profit returns.

The current year has started well for the retail pharmacies, Sir Hugh tells members, and continued growth and profit improvement is looked for. Sustained growth is also anticipated for the veterinary business.

Meeting Ingatestone, September 20 at 11 a.m.

● comment

The past five years of rapid growth have taken Macarthys' profit margins up in steady progression from 0.8 to 4.1 per cent. The impact of Phase 2 in this case is, however, not easily ascertainable since medical prescription products which form a large proportion of the group's trade are specifically excluded from general price controls. In any case, further physical growth is planned and the chairman claims that group performance is ahead of industry statistics, so earnings should continue upwards though perhaps less steeply than before. The shares, just off the low at 100p, are moderately rated on a net p/e of 13.

Carliol Trust ahead

Gross revenue of the **Carliol Investment Trust** improved from £262,943 to £278,378, excluding consolidation of associates' earnings, in the six months to July 31, 1973, compared with the same 1972 *period. Total for all the* year to January 31, 1973, was £540,517.

Valuation of investments and net current assets, including the full dollar premium, was £18.6m. at July 31, 1973 (£17.9m. at July 31, 1972, and £18.4m. at end-January 1973).

Net asset value—after deducting prior charges at par and assuming full conversion of loan stock—per 25p Ordinary was 146p (142p and 146p) and per £100 Convertible loan £128 (£123 and £126).

Good start by Banbury Buildings

A LARGE carry-forward on orders has given an "encouraging start" to the present year, chairman of **Banbury Buildings Holdings** Mr. D. H. Robins tells members. But in view of the present uncertain economic climate, it is "extremely difficult" to forecast the future trend of sales for the rest of the year.

Nevertheless, the directors are confident that when the capital expansion and modernisation programme has been completed, which will take a further 18 months, the group "can look forward to a great future."

The chairman says the modern automated sawmill planned to deal with all timber products has made "great strides." Two further mills have been installed in the fencing division and this, with development of new factories leads the directors to believe that much benefit will be obtained which will be reflected in future profits.

As reported on August 1, group profit, before tax, for the year ended March 31, 1973, advanced from £850,737 to £1,117,694, and the gross total dividend is lifted from 42.5 per cent. to 44.625 per cent. Concrete operations contributed £5.6m. (£4.3m.) to turnover and £678,275 (£534,817) to profit, and timber £3.5m. (£2.5m.) and £441,424 (£307,927). Finance profit was £84,443 (£78,358) and holding company management charges £86,448 (£70,365).

Mr. Robins reports a "tremendous" increase in orders for various products in the group immediately prior to the introduction of VAT and this increase is reflected in the large carry forward of orders into the current year as shown by the increase in deposits received on the balance sheet from £256,861 to £1.39m.

Meeting, Royal Leamington Spa, September 20, noon.

Tyneside Investment advance

First half gross revenue, excluding consolidation of associate company earnings, of **Tyneside Investment Trust** has advanced from £148,500 to £160,897. The figure for all the previous year, to January 31, 1973, was £281,057.

Including the full dollar premium, total asset valuation at July 31, 1973 was £10.9m. (£10.6m. at end-July 1972 and £10.8m. at January 31, 1973).

After deducting prior charges at par and assuming full conversion of loan stock, net asset value per 25p Ordinary was 143p (141p and 145p) and for £100 Convertible Loan £123 (£122 and £124).

POONMUDI

Documents containing the offer by Mr. S. G. Jefcoate for shares he does not already own in **Poonmudi Holdings** have now been sent out. The offer closes on September 17.

BIDS AND DEALS

Twinlock stake in Dutch group

NV V/H G. C. T. Van Dorp & Co. announced in Amsterdam that it had reached agreement on co-operation with **Twinlock International's** Dutch and Belgian units.

Under the agreement, the Dutch concern will take over the entire undisclosed share capital of Twinlock's Dutch units Twinlock Nederland and the welding unit H. Stadtman and Twinlock Belgium.

At the same time, Van Dorp will issue new shares to Twinlock to the value of Fls.1.6m. nominal, raising its issued capital to Fls.3.6m.

Twinlock will hold a 45 per cent. stake in Van Dorp, but a further extension of this holding is not contemplated, it was stated. The Twinlock group makes filing systems, loose-leaf binders, visual aids for offices, etc.

CLARKSON INSURANCE

As the latest stage in its continuing policy of European expansion, the **H. Clarkson Insurance Broking Group** has acquired a substantial holding—at the moment 35 per cent.—in the Dutch broking partnership Louis Graffner Sanders Graffner, of Amsterdam and Apeldoorn.

The group, which is part of Shipping Industrial Holdings, has worked closely with the Dutch concern in recent years. The move will enable it to develop considerably its business in the Netherlands.

Kay Corpn. first half earnings up

Kay Corporation, the U.S. trading, retail and livestock organisation 62 per cent. owned by the **Bowater Corporation**, reports revenues for the six months ended June 30, 1973, of $109.07m., compared with $55.20m. for the first half of 1972.

Net income doubled to $854,000, compared with $411,000 for the same period last year. Earnings per share went up to 17 cents from 14 cents.

Income, before taxes and equity in earnings of unconsolidated affiliates, rose to $967,000 from $857,000. Equity in earnings of unconsolidated affiliates was $365,000 (nil).

Pro-forma earnings per share were 16 cents against a loss of 22 cents. Kay, which is quoted on the New York Stock Exchange, says the interim results are not necessarily indicative of results for a full year because of the seasonal nature of retail operations.

CONVERSION REMINDERS

Holders of the 6 per cent. Partly Convertible Unsecured Loan stock 1976 of **City and County Properties** are reminded that the conversion rights, as amended following the acquisition of the company by Daejan Holdings, become exercisable on September 30, 1973. Basis of conversion is that for each £4.40 nominal of the stock, £2.20 nominal may be converted into two fully paid shares of 25p of Daejan. Conversion rights not previously exercised, may be exercised on September 30 in either of the years 1974 and 1975, on the same *terms*.

Holders of the **Jonas Woodhead and Sons** 9½ per cent. Convertible Unsecured Loan stock 1989-94 are reminded of their right to convert into Ordinary shares of 25p on September 30, 1973. Rate of conversion in 1973 is one Ordinary share for every 137½p nominal Stock.

If the rights are not exercised on September 30, 1973 holders may convert on terms provided in the conditions on the stock certificate in each of the years 1974 ... inclusive.

Anglo-Japanese diamond tool venture

Noritake Corporation announced in Tokyo that it and its subsidiary, Kyoto Diamond Ko., would next month establish a joint venture in Kyoto, West Japan, with **J. K. Smit and Sons Diamond Tools**, of the U.K.

Capitalised at Y100m., the company, Noritake Diamond Industries Corporation, which would make diamond tools, would be owned as to 70 per cent. by Noritake with 25 per cent. by J. K. Smit and 5 per cent. by Kyoto Diamond.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below is based mainly on last year's timetable.

TO-DAY

Interims—Percy Bilton, Dufay Bitumastic, Leonard Fairclough, ... Holdings, Royal Worcester

Finals—British Car Auction, ... Holdings, ML Holdings

FUTURE DATES

Interims—

Black and Edgington ... Au...
Danish Bacon ... *Se...
Le Bas (Edward) ... Au...

Finals—

Astra Securities ... Au...
Gripperrods ... Au...
Howard and Wyndham ... Au...
NSIA Wright Stephenson ... Au...
Pelmadulla ... Se...
Prestwich Parker ... Se...
Plessey ... Se...
Staplegreen Insurance ... Au...
Wingate Investments ... Au...
Wood Bastow ... Se...

* Amended.

Pending dividends timetable

For the convenience of readers, the dates when some of the [more] important company dividend statements may be expected in [the] next few weeks are given in the following table. The dates [sh]own are those of last year's announcements, except where the [for]thcoming Board meetings (indicated thus*) have been officially [pu]blished. It should be emphasised that the dividends to be declared [wi]ll not necessarily be at the amounts or rates per cent. shown in [the] column headed "Announcement last year." Preliminary profit [fig]ures usually accompany final dividend announcements.

	Date	Announcement last year
[illegible] (Engineers)	Aug. 15	Final 10%
[illegible] bright and Wilson	Sept. 6	Int. 2%
[illegible] nal Metal	Sep. 28	Int. [illegible]
[An]glo Amer.-OFS Gp.	Sept.	Dividends
[As]sociated Dairies	Aug. 31	Final 8%
[As]sociated Fisheries	Sept. 22	Int. 7%
B.A. Group	Sept. 30	Int. 4%
[B]ICC	Sept. 20	Int. 5½%
[B]SR	Sept. 8	Int. 10.8%
[B]TR	Sept. 3	Int. 10%
[B]abcock and Wilcox	Sept. 19	Int. 4½%
[B]ank of Scotland	Sept. 20	Int. 18%
[B]ooker McConnell	Sept. 20	Int. 4%
[B]ovis	Sept. 11	Int. 12%
[B]owater	Sept. 7	Int. 5%
[B]ritish Aluminium	Sept. 14	Int. 4%
[B]ritish Petroleum	Sept. 6	Int. 5%
[B]ritish Printg.	Sept. 20	Int. 5%
[B]ritish Ropes	Sept. 15	Int. 7%
[B]rook St. Bureau	Aug. 31	Int. 18%
[B]rown Bros. and Albany	Aug. 30	Int. 8%
[Bu]rmah Oil	Sept. 22	Int. 6¼%
[C]adbury Schweppes	Sept. 29	Int. 4%
[C]arpets International	Sept. 5	Int. 6½%
[C]arreras	Sept. 4	Final 11%
[C]ostain (R.)	Sept. 19	Int. 15%
[C]roda Intnl.	Sept. 14	Int. 3½%
[Da]lgety	Sept. 21	Final [illegible]
[illegible]	[illegible]	[illegible]
C Gas	July 29	Final 10½%
[illegible]	Sept. 6	Int. 5½%

	Date	Announcement last year
*IMI	Sept. 4	Int. 5¼%
Keyser Ullmann	Aug. 23	Final 20%
Laing (J.)	Sept. 20	Int. 4%
Laird Group	Sept. 12	Int. 6¼%
Laurence Scott	Sept. 21	Int. 4%
Lex Service Group	Aug. 31	Int. 7½%
*Lons John International	Sept. 6	Int. 4%
Lonrho	Sept. 13	Int. 7%
*Mather and Platt	Aug. 30	Int. 4%
National and Grindlays	Sept. 13	Int. 5%
*Pearl Assce.	Aug. 29	Int. 2.5p
Pearson Longman	Sept. 13	Int. 7½%
Phoenix Ass.	Sept. 29	Int. 18%
*Plessey	Sept. 11	Final 5%
Portals	Sept. 13	Int. 7%
Provident Clothing	Sept. 7	Int. 12%
*Prudential Assce.	Sept. 20	Int. 50%
Ready Mixed Concrete	Sept. 29	Int. 12%
*Reckitt and Colman	Sept. 11	Int. 8%
Rio Tinto-Zinc	Sept. 21	Int. 8%
Rowntree Mackintosh	Sept. 27	Int. 5%
Royal Dutch	Sept. 15	Int. 17%
Schroders	Sept. 22	Int. 4.2%
Scottish and Universal	Sept. 9	Final 12½%
Shell Transpt.	Sept. 15	Int. 24%
*Slough Ests.	Aug. 29	Int. 5%
Star (GB)	Sept. 23	Int. 9%
*Steetley	Sept. 12	Int. 5%
Stone-Platt	Sept. 22	Int. 6%
*Sun Alliance	[illegible]	[illegible]
Tarmac	Sept. 21	[illegible]
Tate and Lyle	Sept. 22	Sec. Int. 6%
Thomson Organisation	Sept. 30	Int. 10%
Tilling (Thos.)	Sept. 14	Int. 6%
*Transport Development	Sept. 5	Int. 4%
*Tube Invs.	Sept. 13	Int. 5%
Utd. Biscuits	Sept. 21	Int. 5%
Unnat Corps. Group	Sept. 28	Dividends
Vickers	Sept. 25	Int. 5%
Wadham Stringer	Sept. 18	Int. 6%
Wedgwood	Sept. 28	Int. 6%
Wheelock Marden	Sept. 7	Final 70 cents
Winn Indus.	Sept. 28	Int. 6%
Zambian Anglo American	Sept. 8	Final 12.8p

* Board meeting intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

Local Authority Investments

LOCAL AUTHORITY loan rates continued to rise last week in common with other money market rates, and reached very high levels around the middle of the week. There was a severe shortage of day-to-day credit in the early part and London inter-bank dealings soared to over 100 per cent. at times on Monday and to around 75 per cent. on Tuesday. The Financial Times Government Securities Index remained at a very low level and at one point during the week fell to an all-time low.

Loans to local authorities at seven days' notice began the week at 13-13½ per cent., against the previous week's close of 12¾-13⅛ per cent., and rose to 16-18 per cent. on Wednesday, after touching 20 per cent. in places on Tuesday. Friday's closing range was down to 14-14½ per cent. The three-month sterling certificates of deposit yield rose to 13⅞-13¾ per cent. on Monday from the previous week's 13¾-13 per cent. After touching 15¼-14¾ per cent. on Wednesday the rate fell to 14⅝-14⅛ per cent. on Friday. The three-month local authority loan rate rose from the previous week's 12¾-13 per cent. to 13¾-15 per cent. on Wednesday, and finished the week at 14-14½ per cent. The one-year local authority mortgage rate increased from 12¾-13 per cent. to 13¾-13⅞ per cent. by mid-week, before closing at 13⅞-14 per cent.

The Financial Times Government Securities Index fell to an all-time low of 63.87 on Wednesday, and finished the week at 64.36.

One-year local authority bonds were placed during the week at par, with a coupon of 13½ per cent., to offer a ¼ per cent. higher yield than the previous week's batch.

At Friday's Treasury bill tender the rate rose a further 0.0504 per cent. to 10.9754 per cent.

	* Rate (%) August 24, 1973
2 days' notice (deposit receipt)	13 —14
7 days' notice (deposit receipt)	14 —14½
7 days' notice after one month (deposit receipt)	14½—15
7 days' notice after three months (deposit receipt)	14 —14½
7 days' notice after six months (deposit receipt)	12¾—14½
Mortgage at one month's mutual notice, after 11 months	13¾—14
Mortgage at one month's lender notice after 11 months (nominal term 2-5 years)	12 —13¾
2 years' mortgage	12¼†
3 years' mortgage	12¼†
4 years' mortgage	12¼†
5 years' mortgage	12†
6-10 years' mortgage	12 —12¼†
11-20 years' mortgage	12 —12¼†

* Rates are for sums not less than £50,000 and are subject to local variations and fluctuations. † Nominal. ‡ Shorter period may attract higher rates than longer.

Public Works Loan Board rates

(Effective from August 25, 1973)

Years	Quota loans Repaid By instalments	Quota loans Repaid At maturity	Non-quota loans Repaid By instalments	Non-quota loans Repaid At maturity
Up to 5	11	11¼	11	11½
Over 5, up to 10	11¼	11¼	12	11⅞
Over 10, up to 15	11¼	11¼	11⅞	11⅞
Over 15, up to 25	11¼	11¼	11⅞	11⅞
Over 25	11¼	11	11⅞	11¾

Sea freight rates may rise

BY RAY DAFTER

SHIPPING FREIGHT rates for both dry cargoes and oil, which are already at boom levels, could go even higher, according to Baltic Exchange sources.

The rates already belie what is normally regarded as the depressed summer chartering period. In the dry cargo sector, the unprecedented demand for grain has kept the market buoyant. With grain houses continuing to snap up vacant tonnage for winter trading it is anticipated the freight rates could climb further.

The oil tanker market is continuing to reflect the high level of imports by the U.S., anxious to fill its "energy gap," as well as the more general trend of oil companies having under-estimated demand.

The uncertainty about the Libyan situation may have helped to keep demand and prices up, with companies possibly making contingency arrangements for alternative supply routes.

New tankers

Although some 35m. tons of new tankers are being delivered this year, there is no sign that the extra capacity will peg rates.

Indeed, with BP having chartered seven ships of almost 804,000 tons for single voyages in September and October and other major companies known to have gaps in their chartering programmes, one broker—Lambert Brothers Shipbroking—is predicting that rates could improve for owners over the next week or two.

Tanker owners with vessels free for chartering are extremely well placed. It is estimated, for example, that the owner of a newly-built VLCC (very large crude carrier) arranging a three-year period charter from next year could expect a net profit of $6m. to $9m. annually.

On the worldscale base—the rate at which charter deals are arranged for different routes — the three-year period price is put at a very high W100.

In the single voyage market the rise in rates is even more dramatic. A nominal rate for an average sized tanker—say about 100,000 tons—this time last year was W65 for a single voyage. The current rate for a Persion Gulf — U.K./Continent voyage is W300.

Dry cargo tramp shipowners are also enjoying their biggest-ever bonanza, with profits in many instances amounting to more than £5,000 per day.

For some weeks now, most of the leading grain houses have been amassing ships on time charter for trading over the winter months to safeguard themselves against further rate improvements and a threatened overall shortage of tonnage.

That charterers are hiring tonnage for period employment, instead of on a voyage to voyage basis, implies they expect firm marketing conditions to last for a very long while. Conversely, when tonnage is available far in excess of demand time chartering is reduced to minimal proportions.

Tonnage bookings on time charter so far this year amount to approximately 36.5m. tons d.w., compared with the Post-War record of 39.3m. tons d.w. achieved for the whole of 1972. Instances frequently occur where charterers sub-let ships among themselves owing to the shortage of tonnage available for early employment.

Ship re-let

Last week, for example a ship already on time charter to a grain merchant until next January at $4.45 per ton d.w. was re-let to a charterer for a voyage from the Far East to the U.S. Gulf at $9.75 per ton d.w.

Bulk carriers in the 100,000-140,000 tons d.w. category have been booked recently for trading over three to four years at rates varying between $3.25 and $3.50 per ton d.w., whereas 12 months ago this class of tonnage could command barely one dollar per ton d.w. for single trips.

Voyage charter rates have risen to new peaks in most of the major trades which, in some cases, amount to increases of more than 100 per cent. since the beginning of the year and nearly 400 per cent. more than a year ago.

U.S. commodity markets

NEW YORK, August 27

WITH LONDON markets closed their counterparts in New York lacked leadership. As a result the disappointing action on Chicago grain markets triggered speculative selling on cocoa, copper and silver, keeping these markets on the defensive, Bache reports.

[illegible]

cOats—Oct. 146 (143 bid), Dec. 137½ bid (141), May 137½ bid, July 140 nominal.

§Barley—Oct. 246 (235 bid), Dec. 240½ (234 asked), May 233, July 218 nominal.

dFlaxseed—Oct. 876 bid (935 asked), Nov. 886 bid (965 asked), Dec. 838, May 880 bid, July 857 asked.

[illegible]

INDICES

DOW JONES

[illegible]

MOODY'S

[illegible]

U.K. JUTE

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

APPOINTMENTS

Tanganyika Concessions Board post

Mr. R. S. Owers has been appointed a director of TANGANYIKA CONCESSIONS.

*

HEPWORTH AND GRANDAGE, an Associated Engineering company, has elected the following to its Board, from October 1. Mr. P. W. Jones, chief production engineer, Cylinder Components Division; Mr. D. C. Pratt, manager, precision casting facility, Turbine Components Division; Mr. Dennis Taylor, manager, Warwick Factory, Cylinder Components Division; and Mr. F. W. T. Wilkins, manager, blade machining facility, Turbine Components Division.

Mr. Cyril Ackroyd, currently director of manufacturing, is to become general manager of the Cylinder Components Division.

Mr. D. G. Oxley, general manager of the Turbine Components Division, additionally takes on the responsibility of Cannon and Stokes, recently acquired subsidiary by Hepworth and Grandage.

Mr. R. W. Cox (chairman), Mr. S. E. Blackstone and Mr. R. J. Moore, have resigned from the Board of Cannon and Stokes. Mr. J. L. Hepworth has been appointed chairman, and Mr. A. Rowntree, Mr. R. L. Clare and Mr. D. G. Oxley become directors. Mr. F. T. Baldwin remains managing director.

*

Mr. R. F. Gregor, Secretary of the SCOTTISH ASSOCIATION OF YOUNG FARMERS CLUBS for 21 years, is to become director in a reorganisation to strengthen and expand the association services.

*

Sir Alan Marre, Parliamentary Commissioner for Administration, has been appointed as Health Service Commissioner for England, for Wales and for Scotland, from October 1.

*

United Gas Industries has appointed Mr. D. Pike managing director of its subsidiary, TEDDINGTON AUTOCONTROLS.

*

As a result of the acquisition by Chloride of 70 per cent. of the shares of the CONNREX CORPORATION of the U.S., the following Chloride executives have been elected to the Corporation's Board: Mr. Peter Aspinall, Mr. David Cochrane, Mr. James Gilchrist and Mr. Alex Stitt.

*

Mr. Max Clayton, who retired on May 1 as a director and executive of British Ropeway Engineering Company and from other directorships of the Glover Group, has started practice as a consultant engineer with offices in London.

*

Mr. C. A. Patrick has been appointed to the Board of LAURENCE HAYWARD from September 1.

*

Mr. H. M. Ziegler, a director of Robert Fraser and Partners, investment bankers, has been appointed a director of COUNTY CREDIT FINANCE.

*

Mr. John Sparrow has been appointed to the Board of HARRIS LEBUS.

F.T. Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times.

Findlay (Andrew R.) Group (Section: Industrials). **Halcyon Investments** (Section: Industrials). **Lane Fox** (Section: Property). **Midhurst Whites** (Section: Property). **Porvair** (Section: Chemicals). **Reed Shaw Osler** (Section: Overseas — Canada). **Royal Agassiz Mines** (Section: Overseas — Canada). **Singer** (Section: Americans). **Trust Bank of Africa** (Section: Banks).

BANK BASE RATES

Allied Irish Banks Ltd.	11 %
Anglo-Eastern Bank	11½%
Anglo-Portuguese Bank	11 %
Banco de Bilbao	11 %
Bank of Cyprus	‡11½%
■ Wm. Brandt's	11 %
Brit. Bk. of Commerce	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11½%
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
C. E. Coates	11½%
Consolidated Credits	11 %
Co-operative Bank	*11 %
Corinthian Securities	11 %
Credit Lyonnais	11 %
G. R. Dawes	11 %
Dawnay Day	11½%
Duboff Brothers	11 %
Dunbar & Co. Ltd.	11½%
Duncan Lawrie	11 %
English Transcont.	11 %
First Maryland	11 %
FNFC	11 %
■ Antony Gibbs	11½%
Gresham Trust	11½%
Greyhound Guaranty	11 %
■ Guinness Mahon	11 %
■ Hambros Bank	11 %
Hawtin & Partners	11 %
■ Hill Samuel	§11½%
C. Hoare & Co.	†11 %
Julian S. Hodge	11 %
Italian International	10½%
Jacobs, Kroll	11½%
Keyser Ullmann	11 %
Kinghurst Securities	11½%
Lloyds Bank	11½%
London & County Sec.	11 %
London Mercantile	11 %
■ Samuel Montagu	11 %
■ Morgan Grenfell	11½%
Morris Wigram Ltd.	12 %
Northern Comm. Tst.	11½%
■ Rea Brothers	11 %
■ N. M. Rothschild	11½%
St. Mary Axe Finance	11 %
E. S. Schwab	11½%
Security Tst. Co. Bhm.	11½%
Standard Guarantee	11½%
Sterling Credit	11½%
Sterling Industrial Sec.	11 %
Swiss-Israel Trade Bk.	11 %
Twentieth Century Bk.	11½%
Wallace Bros. Sassoon	11 %
Whiteaway Laidlaw	11 %
G. T. Whyte	[illegible]
Wintrust	12 %

■ Members of the Accepting Houses Committee.
[illegible]

MINING NOTEBOOK

They are seething in Western Australia

BY LODESTAR

ALL THOSE who are interested, whether financially or otherwise, in one of the world's greatest sources of minerals will have been unpleasantly surprised, to put it mildly, by last week's severe Budget measures in Australia.

Once again it has become a case of the miner proposes but the government disposes. In one foul swoop Treasurer Frank Crean has destroyed the welcome revival of Western Australia's gold-mining industry; has dealt a further blow to the state's nickel miners; and has virtually stultified the search for new mineral deposits in that part of Australia which probably still has the greatest potential.

The head of Western Australia's own Labour Government, Premier John Tonkin, will be expected to make the strongest possible representations in Canberra on behalf of the State's mining industry. Perhaps the rumbles of secession will even be heard again!

A Perth wish

Those who put up the money for this high-risk industry are certainly entitled to be up in arms. Big sums are involved in feasibility studies which have enough varying factors such as metal prices to take into account without sudden and savage changes in fiscal policies which can render much of the work null and void. Indeed, the mind of almost any businessman would boggle at the thought of going overnight from being tax free to an impost of 47½ per cent.

It is a pity that the wish of a prospecting friend in Perth could not be put into practice. He would like to take Messrs. Whitlam, Crean and Connor out on the kind of wild prospecting expedition without which the great Australian minerals explosion of the sixties would not have been possible. Perhaps they would then think twice about taking away a large slice of the fruits of these pioneering ventures which are now bound to become fewer and fewer.

In which case such endeavours will have to be left to the big combines many of which depend on overseas financial aid and, although this is sometimes disputed in Australia, on the many extractive techniques which are developed in the world mining industry as a whole.

It is an indisputable fact that the huge capital investments needed in the search for and development of vital new mineral discoveries could not be provided internally and certainly not from Government sources. In fact, one Australian State is on record as saying that "it is clear that there is a vital role to be played by properly channelled and professionally directed overseas investment in this very high-risk sector." It must now be much less sure that such a role will indeed be played.

It would be interesting to know, for instance, whether the Anglo American Corporation's Mr Kinkead-Weekes still thinks it worth while to soldier on in promoting the role of the world's biggest mining house down under in face of the Whitlam Government's open hostility to overseas organisations. I hope he does. He represents the kind of know-how and capital resources which are essential for almost any segment of the world's mining industry.

To sum up, and to be fair to Mr. Whitlam's nationalistic principles, Governments throughout the free world have to make their minds as to what extent they are prepared to devote their taxpayers' money—and the taxpayers should bear this in mind as well—to the exploration and exploitation of the mineral resources on which our whole future depends.

What they should not do—it would be regarded as malpractice if not worse in the private sector—is to let shareholders take all the prospecting risks and put up the money for the tiny percentage of winners and then find their calculated rewards decimated by the stroke of a Government pen.

Peko-Wallsend

In the Australian case the world's miners—they are a powerful brotherhood—will hope that there will be second and more practicable thoughts by the new Government in its approach to the country's minerals industry which in present circumstances is hardly likely to fulfil the proud official growth forecasts which were being made as recently as last year.

In the share market the hardest hit counter was Peko-Wallsend which dropped 185p, or 31 per cent., on the week to 405p. The company produces a spectrum of minerals including copper, gold, bismuth, coal, wolfram and selenium. So its tax bill will be considerably increased especially on the rich Juno mine which yields over an ounce of gold per metric ton of ore treated.

In 1971-72 gold provided just on a quarter of the company's mining income and out of a total of $9.10m. from all sources only $0.26m. was classed as taxable. There will be a very different picture now. Even so, revenue should have been sufficiently buoyant in the year to June to allow some increase in net earnings and the company is still on the expansion trail quite apart from the possibilities of its big uranium finds in the Northern Territory in partnership with EZ Industries.

One certainly cannot see much to go for as a whole in the Australian mining market after last Tuesday's hammer blows but looking ahead a bit it looks as though the slashing of the Peko share price may prove to have been overdone.

Western Mining

Western Mining fell 14p to 132p, or less than 10 per cent. Here there is no higher nickel price to offset the increased tax bill while there will also be less from the gold-mining interests. Even before the Budget the company was not facing much in the way of fresh revenue buoyancy in the year to next June. Now it appears as though net earnings could actually be down. So in this case the fall has probably not been overdone.

In many other cases the higher metal prices should be sufficient to offset tax increases and it should be borne in mind that there is no increase in the rate of tax for producers of coal, iron ore and lead, zinc and silver as these concerns already bore the full 47½ per cent.

It should be noted that Bougainville is not affected although it is a gold and copper producer. Its sparkling half-year profits were outlined in Mines in the News on Saturday. They were known on Friday morning yet the shares only rose 2p to 193p and were actually 9p down on the week. It seems to be feared that the very size of the earnings may make the PNG Government more determined to negotiate for a better slice of the cake.

South African Gold shares? Well, caution still seems to be the watchword. Last week our index fell 3.8 to 146.9, nearly 28 per cent. below its early July peak. The bullion price lost $3 to $101.

INSURANCE

Lloyd's performance in 1970

BY OUR INSURANCE CORRESPONDENT

WITH 75 PER CENT. OF business overseas and world-wide demand for insurance continuing to increase, it is hardly surprising that last week the Chairman of Lloyd's was able to announce that 1970 had been yet another record year for premium and that underwriters had booked £787m., against the £694m. collected in 1969. But of course this premium increase of just under 13.4 per cent. stemmed not only from growth in business underwritten: inflation must also have had an effect and it must be remembered further that in 1970 many underwriters were hardening their rates. So real growth may have been in the region of 5 per cent.

Whether premium has continued to increase since 1970 at the same rate, only future Lloyd's accounts will show; but a conservative estimate must be that in the present year, Lloyd's underwriters will be booking something over £1,000m. of premium including some £750m. from overseas.

Profit rise

With Lloyd's three-year accounting system the Chairman's annual review is inevitably 2½ years out of date and few people outside of Lloyd's can work up any real enthusiasm over his report that 1970 produced a second record — a profit of £64.9m. which was £12.8m. in excess of 1969's profit of £52.1m. and expressed in percentage terms against premium income, 8.26 per cent. as compared with 1969's 7.51 per cent.

In the three profitable years 1968 to 1970 Lloyd's underwriters produced profits of £152.6m. (on a total premium income of around £2,100m.), a tremendous turnround when one remembers that in 1965 to 1967 total underwriting losses of £58m. were incurred. But how far will 1970's profitability continue? And even leaving aside 1971 and 1972 which are now past and which from many points of view are now just a matter of bookkeeping, how are underwriters faring in 1973? Are rates now right to deal not only with risk but to cope with continuing world-wide inflation and also with currency fluctuation?

Competition

Mr. Paul Dixey has been guardedly optimistic as to the outcome of the 1972 account—at the two-year stage this appears to be going better than did the 1970 account viewed at the same time. But he was not so sanguine for 1972 and as to 1973 thought it "unlikely that we should be showing 1970 style profits."

Inflation and currency problems apart, because of the underwriting profit Lloyd's have been making many overseas insurers are now forcing their way into traditional Lloyd's areas simply by cutting rates: this year even more than in 1972, underwriters are having to write business at rates on which they can scarcely hope to make any profit so as to keep hold of business that could otherwise be lost for ever—in the hopes that when the overseas insurers have driven the profit out of the business, as they must, they will then get out and allow Lloyd's to raise premiums to their proper level. Meantime the years 1973 to 1975 may well mirror those of 1965 to 1967 for unprofitability.

Mr Dixey was forthright in his comments on premium tax, saying that the insurance industry should not be made a tax gatherer. In speaking out so positively it is to be hoped that he has given a lead to the leaders of the company market who have so far been curiously silent on this subject. Since all of the original Six already have premium tax the other new members have an "up-hill battle" (Mr Dixey's phrase) to avoid its imposition.

This battle cannot be won by inaction and may well be lost behind locked doors. The real danger of the imposition of premium tax needs to be dragged out into the open, so that British policyholders know precisely what they are in for if the battle is lost.

Amnesty 'prison torture' report for Franco

A REPORT, alleging "brutality and discrimination" in Spanish prisons against opponents of the Franco Government, has been compiled by Amnesty International.

The 36-page report, Political Imprisonment in Spain, which urges immediate action to improve the lot of political prisoners, has been sent to the Spanish Government.

It says that the system under which political prisoners are detained violates not only the Universal Declaration of Human Rights and the UN's standard minimum rules for the treatment of prisoners, but in some cases ignores Spain's own laws.

"Allegations have long been made in many quarters—including lawyers and the Church—that torture is commonly used in police stations to extract information and obtain confessions."

Parties banned

Documents available indicate that "the practice of torture in Spanish police stations is widespread, regular and virtually unrestricted." According to London-based Amnesty. Madrid has always denied the existence of "political prisoners."

Thirty-four years after the end of the Spanish Civil War, all political parties, other than General Franco's National Movement, are still banned, strikes and independent trade unions are illegal, and a man may be jailed for expressing his political beliefs, says the report.

It alleges that jailed opponents of the regime endure "physical brutality, at times resulting in death." Limitations are placed on visits from lawyers and relatives, punishment is meted out to those who protest, and political prisoners are denied statutory concessions of conditional liberty and remission of sentences.

Amnesty International claims that hundreds of men and women are detained under these conditions, while thousands of other opponents of the regime and its policies are still awaiting trial.

Spanish law provides that prisoners, as of right, can expect conditional liberty after completing most of their sentence, but this is "denied to political prisoners."

The report spotlights the case of 56 prisoners in Segovia Prison. "The non-application of conditional liberty has meant for the prisoners together an additional 83 years and ten months' imprisonment."

A "typical weekly menu" in Burgos Prison shows that the government officially allots only 22 pesetas (15p) a day to feed each ordinary prisoner. But deducted from this figure expenses for fuel, lighting, cleaning materials and other "auxiliary products."

Amnesty International, an independent group, plans to publish a World Torture Report—with a section on Spain—in the autumn.

London tea sales

At the tea sales held in London last week 39,519 packages sold realised an average price of 39.49p per kilo, against 39.43p at the previous sales and 40.85p a year ago. Plain tea was quoted at 33p.

	No. of kilos	Average per kilo
African Highland Prod.	[illegible]	[illegible]
Anglo Ceylon and Gen.	[illegible]	[illegible]
Blantyre	[illegible]	[illegible]
Bogawantalawa	[illegible]	[illegible]
British African	[illegible]	[illegible]
Central Africa	[illegible]	[illegible]
Central Provinces	[illegible]	[illegible]
Ceylon Tea Plants.	[illegible]	[illegible]
Cons. Estates	[illegible]	[illegible]
Duckwari	[illegible]	[illegible]
Rampula	[illegible]	[illegible]
Kenya	[illegible]	[illegible]
Lanka	[illegible]	[illegible]
Lunuva	[illegible]	[illegible]
Lojeri	[illegible]	[illegible]
Nayabedde	[illegible]	[illegible]
New Dimbula	[illegible]	[illegible]
Nuwara Eliya	[illegible]	[illegible]
Ouvah	[illegible]	[illegible]
Rajawella	[illegible]	[illegible]
Roo Estates	[illegible]	[illegible]
Rollo	[illegible]	[illegible]
Scot. Tea and Lands	[illegible]	[illegible]
Spring Valley	[illegible]	[illegible]
Standard	[illegible]	[illegible]
Tanganyika	[illegible]	[illegible]
Telbedde	[illegible]	[illegible]
Travancore	[illegible]	[illegible]
Tukuyu	[illegible]	[illegible]
United Planters	[illegible]	[illegible]

Stock at August 17 amounted to [illegible] metric tons, compared with [illegible] tons a year ago. Converted at [illegible] kilos per package.

WEEKLY AVERAGES OF U.K. INDICES

Week to—	Aug. 24	Aug. 17	Aug. 10	Aug. 3
Financial Times				
Govt. Secs.	[illegible]	[illegible]	[illegible]	[illegible]
Fixed Interest	[illegible]	[illegible]	[illegible]	[illegible]
Industr. Or.	[illegible]	[illegible]	[illegible]	[illegible]
Gold Mines	[illegible]	[illegible]	[illegible]	[illegible]
Dealings	[illegible]	[illegible]	[illegible]	[illegible]
F.T.-Actuaries				
Ind. Group	[illegible]	[illegible]	[illegible]	[illegible]
500-Share	[illegible]	[illegible]	[illegible]	[illegible]
All-Share	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Up 7 despite prime rate rise

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 27.

SHARP GAINS were scored on Wall Street to-day, despite news of another prime rate boost, the fifth in five weeks.

The Dow Jones Industrial Average crept steadily higher throughout the session, closing with a gain of 7.22 at 870.71.

The NYSE All Common Index rose 38 cents to $54.56, while rises led falls by 733 to 612. Trading, however, was some of the slowest of the year, at 9.74m., compared with 11.2m. last Friday.

Analysts said the ¼ per cent. rise to 9¾ per cent. initiated by Chase Manhattan came as no surprise. Investors apparently feel a peaking of interest rates is getting nearer.

Brokers added that some light buying might have been encouraged by late declines in Food Commodity prices after some early gains. Live cattle, live Hog, and Pork Belly future prices were among the commodities falling in price.

Bonds closed little changed on balance after early dullness—following the move to the 9¾ per cent. level in the prime rate.

Blue Chips and "Glamours" moved higher. Procter and Gamble gained $3¾ to $101¼, IBM $6¼ to $304¼, Honeywell $2¼ to $107¾, Burroughs $2¼ to $226¾, Digital Equipment $2¾ to $90 and Upjohn $1¼ to $90.

Oils also improved. Standard Oil Indiana added $1¼ at $78¾, Sohio $3¼ at $113¾ and Amerada Hess $1¼ at $33¾.

Gibraltar Financial picked up $1¼ to $14¼ on the acquisition of United Savings and Loan Association of California for 210,000 shares of stock.

Gray Drug fell $¾ to $9¾ on its forecast of lower first quarter earnings and its cut dividend to 10 (30) cents per share. The American S.E. Index rose 1 cent to $22.82. Volume fell to 1.32 (1.55m.) shares.

OTHER MARKETS

Canada lower

Canadian Stock Markets moved lower in light trading.

The Toronto Industrial Index lost 0.43 at 214.70, Base Metals 0.62 at 100.79, and Western Oils 0.40 at 240.37. Only Golds moved upwards, gaining 1.55 to 262.51.

Dupont of Canada was off $1 at $29.

PARIS — Market turned irregular in the absence of any fresh incentive.

Banks, Foods, Electricals and Metals followed the general trend, while Portfolio Companies, Motors and Rubbers were resistant. Oils, Stores and Buildings were lower, while Engineerings were well maintained. Carrefour gained Frs.60 to 3,210, while Aquitaine shed Frs.8 to 398.

Foreign stocks were generally lower, apart from resistant Dutch issues.

BRUSSELS — Domestic issues were mixed in quiet trading. Glass firms gained ground and Steels tended higher. Cockerill put on another Frs.16 to Frs.1,320 on favourable comment.

Among Foreign issues, Arbed, ICI and Boeing each firmed. Golds were also higher, but Imperial Oil, Exxon and French and Dutch stocks eased.

AMSTERDAM — Dutch Internationals were quietly mixed, with Akzo and Unilever each firm. Hoogovens, Philips and Royal Dutch were each easier.

SWITZERLAND — Prices continued to fall in listless trading. Buying interest was minimal with small selling fuelling the decline.

Banks, Financials and Insurances generally eased. Interfood dropped Frs.100 to 5,700. Arto Holding Intershop and Helvetia-Versicherung each firmed against the general trend. Industrials were narrowly irregular.

GERMANY—Further falls on continued lack of investor interest.

Daimler lost Dm.7 to 326, BMW Dm.3 to 242 and Siemens Dm.3.80 to 226. Leading Banks and Chemicals also fell. Holzmann however were an exception in the Building sector, rising Dm.22 on small turnover after last week's bonus issue.

MILAN—Generally higher in fairly regular trading.

Fiat rose Lire 18 to 264.3. Olivetti Lire 23 to 1,732, Pirelli Spa Lire 5 to 1,495, Snia Viscosa Lire 20 to 2,329, Anic Lire 14 to 1,095, and Finsider Lire 5.5 to 392. Montedison were marginally lower and Pirelli Company eased Lire 20 to 2,580 against the general trend.

OSLO—Banks and Industrials barely steady. Insurances were well maintained but Shippings were easier.

VIENNA—Lower in moderate trading.

COPENHAGEN — Generally slightly up.

TOKYO—The market turned slightly firmer after an easier start on Saturday, although there were no encouraging factors. Some Speculative stocks led the way. Volume 60m. (90m.) shares.

Leading issues eased, however, following reports that the Bank of Japan would increase its official discount rate by one per cent. to 7 per cent., and not by 0.65 per cent. as previously reported.

AUSTRALIA—Prices continued lower, with heavy falls in all sectors.

Among Minings, Peko Wallsend again fell sharply, while Hamersley lost 15 cents to $A1.57. Broken Hill South gave way 8 cents to $A2.39 and Western Mining declined 13 cents to $A1.81.

BHP fell another 13 cents to $A8.02 among Industrials, while Woodside Burmah dropped sharply in Oils.

JOHANNESBURG—Gold shares closed harder in quiet dealings, following a little-changed bullion price fixing in Zurich. They attributed a very low turnover to the holiday closure of the London Stock Market.

Platinums were mostly steady at previous levels in quiet dealings. PP Rust, however, shed 3 cents to R3.75. Other Metals were mostly inactive.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Transport	Indus	Util.	Trading volume 000's
Aug. 27	71.60	165.64	870.71	94.64	9,740
24	71.49	164.44	863.49	95.18	11,200

STANDARD AND POORS U.S. STOCK INDICES

	*Ind Ord.	†Composite
Aug. 27	113.18	102.42
24	114.23	101.62
23	114.61	101.91
22	112.97	100.53
21	113.48	100.89
20	114.11	101.61
17	115.04	102.31
16	115.04	102.29
15	115.90	103.01

MELBOURNE YIELDS

Wkly yield on 50 Leading Stocks	Aug. 23	Aug. 16	Aug. 9
On Dividends	4.65	4.71	4.67
On Earnings	7.40	7.41	7.50

SYDNEY ALL ORD. INDEX

Aug. 27	Aug. 24	High 1973	Low 1973
530.33	530.20	587.76 (19/1)	521.40 (1/5)

OVERSEAS SHARE INFORMATION

Investment $ premium based on $2.60 per £1—29⅝% (29¼%). Conversion factor 0.8155 (0.8238).

TEL AVIV STOCK EXCHANGE

Company	Prices Aug. 26 1973	Change on the week
Investment Companies		
Bank Leumi Invest	220.5	−0.5
Discount Bank Invest Br.	264.5	—
'CLAL' Israel Invest	204.5	−1.5
Commercial and Industrial		
Alliance Tire & Rubber	528	+9.0
Elco Br.	122	+5.5
Argaman Textile Br.	358	−9.5
'Ata' Textile 'B'	124	−0.5
Dubek Br.	467	+12.0
Elec. Wire & Cable Br.	214	—
Solel Boneh 10% Pref. Br.	149.5	+3.0
Chemicals and Phosphate	51	+2.5
American Israeli Paper Mills	354	−1.0
Assis	235	−12.5
Taal Manuf. of Plywood Br.	303.5	+4.0
Fuel and Oil		
Delek	195.0	+1.5

Source: Bank Leumi Le Israel, Tel Aviv.

CANADIAN WEEKLY LIST

Stock	Aug. 24	Aug. 17
Alb't Gas Tk Lne A	12	12
Argus Corp. Ltd.	18¾	†18½
Bethlehem Copper	15	15½
Brit. Columb. Tele.	51¼	51
Redpath Industries	25⅞	†26
Can. Packers Ltd.	21	†22⅛
Can. Perm. Mort	17⅛	18⅛
Can. Investment Fund	5.54	5.55
Can. Pac. Inv. Cv. Pf.	30¼	30½
Canron	20¼	20
Conwest Exploration	4.45	5.10
Cornat Ind.	4.20	3.95
Cr. Zell'rb'ch Cpn.	†22⅛	22⅛
Dom. Foundries	28	28¼
Dom Stores Ltd.	14⅞	15
Dom. Textile Co.	8¾	8¾
Fraser Co. Ltd.	20⅛	21
Frobex Ltd.	0.28	0.305
Great Lakes Paper	24	24¼
Husky Oil Canada	25⅛	25⅛
Kilembe Copper	†2.00	2.15
Labatt John	26¾	26⅝
Labrador Mining	42½	42¾
Nat Drug & Chemical	6⅛	†6⅜
N. Canadian Oils	7.15	7.10
Oakwood Pet.	2.19	2.28
Pan Ocean Oil	15¼	15⅝

Rising costs 'force better clothing quality'

CONSUMERS WERE going to attach paramount importance to quality when prices rose, trade buyers at the International Men's Fashion Fair in Cologne were told by Mr. Derek Rose, chairman of the British Menswear Guild. The Guild, an export organisation of 21 men's clothing manufacturers, is making an intensive sales drive in Europe this autumn.

Mr. Rose said: "The very buoyant sales conditions in the men's wear industry during the past few years led to a deterioration in standards. Quantity became more important than quality. Those days are over.

"There have been startling increases in raw materials, finished fabrics and labour costs, and these are going to be reflected in the prices in the shops next spring." Then "the crunch could come" and "the consumer is not going to pay fancy prices for second-rate merchandise."

EUROBONDS

Market looks more hopeful

By Mary Campbell

THE EUROBOND market [illegible] slight more hopeful last [illegible]. Prices of straight dollar [illegible] were up over the week, [illegible] convertibles fell. Turnover [illegible] also significantly higher.

Though much of the improvement was due to professional short covering, dealers report some buying interest [illegible] investment sources.

Prices on the D-Mark [illegible] of the market continued to [illegible] but sources report that at [illegible] new levels there is some [illegible] of buying interest again. [illegible] issue activity is expected [illegible] resume quite soon, though [illegible] ably at higher coupon levels [illegible] were customary during [illegible] summer.

The Swiss banks are [illegible] increasing difficulty in [illegible] the 65 per cent. of issues [illegible] have to be placed domestically. The Dow Chemical [illegible] 15-year issue is to carry a [illegible] of 6¾ per cent., compared [illegible] the 6 per cent. figure which [illegible] been the norm for first-class [illegible] for the past few months.

Most attention last week centred on the $40m. issue [illegible] "loan notes" by the City of Liverpool. The coupon [illegible] interest rate) was [illegible] criticised as being too [illegible] was set at 9¾ per cent. Although the loan notes are being [illegible] with banks rather than with bond investors, and although [illegible] will not be quoted, the announcement of this loan pushed prices of outstanding [illegible] authority notes sharply [illegible] dealers also widened the [illegible] on these issues to 1½ points.

● Tradinvest Bank and Co., a Nassau subsidiary of Italian ENI, has borrowed [illegible] for ten years. The loan [illegible] was arranged by Smith Ba[illegible] carries an interest rate [illegible] of ⅞ for the first five years, [illegible] for the next three and [illegible] last two years.

EXCHANGE CROSS-RATES

EUROBONDS
Market looks more hopeful

By Mary Campbell

AUTHORISED UNIT TRUSTS (p***)

(g) Abacus Arbuthnot Ltd.
Pall Mall, Manchester

				Yield
...Units	37.6	40.6	.....	2.66
...Units Accum.	38.0	41.0	.....	2.66
Growth Units	31.3	34.3	.....	2.42
Growth Accum.	31.6	34.6	.....	2.42
Income Units	37.3	40.3	.....	5.50
Income Acc. Uts.	38.0	41.0	.....	5.50
International Acc.	24.3	25.3	.....	2.30

(g) Abbey Unit Tst. Mgrs. Ltd.
89, Gatehouse Rd., Aylesbury 0296 5941

Abbey Capital	23.0	24.2	-0.1	2.87

Discretionary Unit Fd. Managers
Finsb'y Hse., 22 Blomf'ld St., EC2M 7AL. 01-638 4485

Discr'ty Inc Aug 10	112.4	117.1	.....	4.18
Do. Acc.	124.5	129.5	.....	4.18

Drayton Unit Trust Managers Ltd.
Individual Hs., 42/45 South St., Eastbourne BN21 0323 38711

Com&Gen U Tst.	46.8	49.4	-0.4	4.81
Growth Unit Tst	27.6	29.1	-0.2	2.29
Fd of Inv Tst Sh	21.1	22.3	-0.1	2.33

(a) (g) Jessel Britannia Group
155, Fenchurch St., EC3M 6BX.

Jes. Aus.&Gn Fd.	20.8	21.9	-0.5	3.06
Jes'l Cap Growth	47.7	51.0	-0.1	3.53
Jes'l City of Lon.	58.2	62.3xd	-0.3	2.79
Jes'l Exempt Fd.	101.5	105.7	-1.4	4.28
Jes'l Global Gth.	57.7	61.7	.....	2.41
Jes'l Gold & Gen.	117.5	125.1	-1.5	4.34
Jes'l Inc. Units	54.4	58.2	-0.5	4.84
Jes'l Inv. Units	28.2	30.2	-0.1	2.95
Jes'l New Issues	51.8	55.4	-0.2	3.35

OFFSHORE AND OVERSEAS FUNDS (p***)

Eurosyndicat Group

Boronion Lux. F.	1,900	1,976	-11	3.64
Finance Union LF	393	409	-5	4.38

F. & C. Mngmt. Ltd. Inv. Advisers
17, London Wall, EC2N 1DD. 01-588 5620

Cen'ry Fd Aug 16	US$7.6	.....		—

Morgan Grenfell Fds Mgt (CI) Ltd
19 Pollet St., St. Peter Port, Guernsey, C.I.

Channel Islands	96.0	101.0	.....	—

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C.2. 041-221 5521

*Hope Street Fund	US$22.21	.....		—
†Murray Fund	US$8.95	.....		—

* NAV Aug. 15. † NAV July 31.

Negit S.A.
10a, Boulevard Royal, Luxembourg.

NAV Aug. 17 1973	US$10.33	.....	—

† Yield allows for all buying expenses. p*** Pence except where otherwise indicated. a Offered prices include all expenses. b To-day's prices. c Yield based on offer prices. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains. ‡ Guernsey yield. § Suspended. —Not available, exchange restrictions. ◆ Prices not including $ Premium.

Young Liberals seek advice on lorries

THE YOUNG Liberals are to seek counsel's advice on what action they can take against lorries "which are clearly unsafe."

Earlier this month they announced a plan temporarily to immobilise Continental juggernauts in Britain in guerilla raids on transport cafés.

A statement from their national officers over the weekend said: "We do not reject illegal methods of direct action where other methods have failed and are prepared to act outside the law without community support in certain situations."

They said they would not take action "in any situation which might endanger lives."

The statement said the Young Liberals were also seeking counsel's advice as to the full range of safety checks such as weight limits, excessive noise and emission of fumes

"We believe the only long-term solution to the problem of heavy lorries is a revision of the present methods of handling freight including a considerable expansion of the railway and canal systems. Our campaign will have these ends in view."

UNIT TRUST PRICES

Prices in pence	August 28	
National Group (1)		
Nat. Unit 'D' Second Series	158.0	165.8
Century Trust	44.0	45.7
Nat. Consolidated Unit Trust	42.0	44.2
Universal Second Unit Trust	94.5	99.5
Commercial Consolidated	43.5	44.3xd
Hundred Trust	48.0	49.7
Gas & Electric Second Series	404.0	418.4
Inv. Sec. General Trust	60.0	62.8xd
Investors General Trust	240.0	250.4
Provident Investors Accum.	127.0	134.0

SHARE INFORMATION SERVICE: NOTES

Unless otherwise indicated prices are in pence, denominations are 25p and dividends are in gross percentage terms. Estimated price/earnings ratios and covers adjusted to corporation tax of 50 per cent. on imputation system effective April 1. P/Es calculated on "net" earnings; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" earnings. Covers are based on "full" earnings. Yields based on middle prices are gross and allow for value of declared distributions and rights.

- Highs and lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim (or quarterly) since increased or resumed.
- ‡ Interim (or quarterly) since reduced passed or deferred.
- ‡‡ Not comparable; net dividends paid
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculations of dividends cover.
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Δ Indicates interim dividend since paid where none was paid before.
- ** Convertible loan stock issue in existence.
- ◆ Merger bid or reorganisation in progress.
- ♣ Special deposit certificates.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No p/e ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.
- § Actual, or net; yield gross.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k After local taxes. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividends and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, p/e ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yields allow for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment; cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Figures based on prospectus or other official estimates for 1973. F Figures based on prospectus or other official estimates for 1972-73. G Assumed dividend and yield after pending scrip and/or rights issue. H Excluding refunds of U.S. Capital Gains Tax. J Figures based on prospectus or other official estimates for 1972. M Figures based on prospectus or other official estimates for 1973-74. P Equivalent rate before additional capital was paid up. R Yields based on 1967 payments. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all.

CORAL INDEX
412-418

Money & Exchanges

Bank of England Minimum Lending Rate 11½%
(since July 27, 1973)

Short-term interest rates were at even higher levels last week than previously and in the inter-bank market overnight loans reached levels of well over 100 per cent. on Monday and around 10-75 per cent. on Tuesday. On both days the authorities were called on to give large assistance to the Discount market, including overnight loans at Minimum lending rate, to eight or nine houses on Monday and by lending until the end of the week on Tuesday. The Bank of England also lent a large amount on Wednesday and these loans are repayable to-day. Other assistance was given on the first three days of the week by purchases of various bills. Easier conditions were seen later in the week, with no official intervention on Thursday, and a small amount of mopping up on Friday.

In the early part of the week bank balances were run down and houses were faced with heavy calling. Other factors against the market's favour were: repayments of official loans on Tuesday and Friday, official holdings of maturing commercial bills, and in general a net Treasury bill take-up to finance.

The dollar continued to make gains in terms of the other major currencies and sterling fell 52½ points against the U.S. unit to $2.4580-2.4590. The rise in U.S. prime rates and anticipation of America's July trade figures helped support the dollar for most of the week.

Gold lost $3 to close on Friday at $100-102. Dealings early on were active and on Monday the metal improved to $108-109, but in quieter conditions ahead of the Bank holiday week-end demand for gold tended to ease.

Bank Base Rates Page 37

EURO-CURRENCY INTEREST RATES ◇

FOREIGN EXCHANGES

Aug. 24 1973	Bank Rate %	Market Rates: Day's Spread	Market Rates: Close
New York	7½	2.4560-.4685	2.4580-.4590
Montreal	6¾	2.4655-.4770	2.4695-.4700
Amst'dam	6½	6.61-6.66	6.62½-6.63½
†Brussels	6½	92.53-93.35	92.60-92.80
Copen'gen	8	14.75-14.84	14.76½-.77½
Frankf'rt	7	6.05-6.10	6.05½-6.06½
Lisbon	Δ5¾	57.00-[illegible]	57.25-57.65
Madrid	††8	139.00-140.00	139.60-139.70
⊕Milan	4	1,581-1,595	1,585-1,590
Oslo	4½	13.67-13.74	13.67½-13.68½
‡Paris	9½	10.62-10.68	10.63-10.64
Stockh'lm	5	10.29-10.35	10.30-10.32
Tokyo	8	648-658	650-655
Vienna	5½	44.55-45.20	44.65-44.95
Zurich	4½	7.45-7.50	7.47-7.48

†† Basic discounts. Δ Bank of Portugal discount rate. † Rates given are for convertible francs; closing financial franc 92.60-92.90. ‡ Rates given are for commercial franc; closing financial franc 10.69-10.72. ⊕ Rate given is commercial; closing financial rate 1,628-1,643.

OTHER MARKET RATES

Argentina	12.15-12.35	Note Rates	
Australia	1.7264-1.7414	Argentina	35-43
Brazil	14.90-15.10	Austria	45¼-46¼
Finland	9.07½-9.09½	Belgium	92½-94½
Greece	73.44-74.48	Brazil	15-20
H'ng K'ng	12.555-12.575	Canada	2.47-50
Luxemb'g	92.53-92.59	France	10.60-10.85
Malaysia	5.6725-5.7250	Germany	5.95-6.25
N. Zealand	1.8324-1.8474	Greece	73-76
Singapore	5.7592-5.8090	Italy	1,470-1,525

FORWARD RATES

INSURANCE, PROPERTY, BONDS

Eber Phoenix Assurance
4 Gt. St. Helen's, London, EC3. 01-588 7777

Life & Equity Assurance

Royal Insurance Group
1, North John St., Liverpool.

APPOINTMENTS

COMPANY NOTICES

MORTGAGES

Dutch face uphill struggle against inflation—OECD

BY RUPERT CORNWELL

PARIS, August 27

THE NETHERLANDS faces an uphill struggle to overcome the twin problems of rapid inflation and a level of unemployment not seen since 1958, according to the latest survey by the Organisation for Economic Co-operation and Development on the Dutch economy.

The report states that Holland, as a small and traditionally open country, is highly vulnerable to imported inflation, despite appreciation in the value of the guilder. Domestic factors, notably shortages of certain foods and aggressive wage bargaining by unions to achieve a fairer distribution of income, have also played a part.

Dutch authorities are urged to enforce sternly the price and profit controls introduced last autumn. The OECD warns, however, that consumer prices which climbed 7.9 per cent. in 1972 may continue to rise unabated, or even accelerate, particularly if world demand remains buoyant.

Its suggestions for reducing unemployment — now standing at slightly under 3 per cent. of the work force — are inevitably hindered by the need not to add existing inflationary pressures, and are mostly of a medium-term nature.

Apart from adopting higher growth targets to allow the work force to expand, the OECD suggests that the Government might also need to step up its regional manpower policies and improve retraining facilities for men who lost their jobs in the recent labour shake-out.

Forecasts by the Dutch authorities of a 4 per cent. output growth for 1973 may prove conservative in the light of sustained expansion throughout the OECD area, the report states. Both current account and overall balance-of-payments surpluses are expected to fall, but business investment will probably pick-up sharply after last year's decline, it says.

Racial tension mounts in wake of French killing

BY RUPERT CORNWELL

PARIS, August 27.

THE MURDER of a bus driver in Marseilles by a 35-year-old Algerian, has dangerously increased tension between the city's French and North African communities. It has also provoked widespread criticism that France's existing immigration laws are inadequate.

Tram and bus drivers went on strike after the stabbing, while a delegation of local transport workers met the police prefect to-day to request better security measures for both drivers and passengers, five of whom were injured in Saturday's incident.

Mass rally

No trams or buses will run in the town to-morrow as a mark of respect to the dead man, M. Desire-Emile Gerlache, aged 49. In the afternoon a mass rally is planned by the self-styled "Marseilles Defence Committee" to protest at the "uncontrolled" immigration of foreign workers into France.

The backlash M. Gerlache's death has provoked is explained by the increasing animosity towards North African workers throughout the South of France, and the Marseilles incident was by no means the first of its kind. On several occasions this summer there have been violent clashes between groups of young French and North Africans in Southern France.

Predictably, local Right-wing groups have called on the Government to tighten its racial laws and keep immigrant communities under stricter control. They appear to have ignored an appeal for calm by the Archbishop of Marseilles who said that one incident should not be blown up out of all proportion.

Elsewhere in France the reaction has been much less bitter, although it is claimed the episode has shown that racial integration is not something that can be achieved by legislation alone.

Moreover, as is frequently pointed out, the French economy would hardly be able to keep going without the 2m. immigrants who often put up with appalling living conditions and who carry out the vital but unpleasant jobs that Frenchmen are no longer prepared to do.

London seminar on investment in Brazil

THE INDUSTRIAL and investment opportunities for businessmen in Brazil will be outlined by two senior Brazilian Ministers, Dr. Marcus Vinicius Pratini de Moraes, Minister for Industry and Commerce, and Dr. Antinlonio Delfim Netto, Minister of Finance, at a one-day conference at the London Hilton, on November 3. The conference, entitled "Doing Business with Brazil," is sponsored by the Financial Times and Canning House.

Brazil's economic situation and growth prospects will be discussed including the experiences of British businessmen in the area. The chairmen will be Lord Chalfont, president of Canning House and Sir David Hunt, former British Ambassador to Brazil.

Other speakers will include Mr. Julian Amery MP, Joint Minister of State for Foreign and Commonwealth Affairs; Dr. Albert Fishlow, professor at the University of California; Mr. E. Y. Whittle, a director of Lloyds and Bolsa International Bank; Mr. Ashley G. Down, a director of James Capel International; Dr. Casimiro A. Ribeiro, a director and a vice-president of Cal Souza Cruz Indústria e Comércio; and Mr. F. J. Heath, chairman of Fisons' fertiliser division.

Ministry jobs dispersal: five sites under study

CIVIL SERVICE chiefs are examining five sites in Britain as possible locations for 6,000 Ministry of Defence jobs, an MP said yesterday.

Mr. Edward Taylor (C. Cathcarth, Glasgow) said Mr. Kenneth Baker, Civil Service Minister, had told him Cardiff, Glasgow, Plymouth, Swindon and Teesside were all in the running.

The Hardman Committee on the dispersal of Government work from London had suggested the new town of Milton Keynes, Bucks., as the home for nearly 11,000 Ministry of Defence workers.

Mr. Taylor said he had received a letter from Mr. Baker saying there had been talks with the New Town Development Corporation about the proposal to send Ministry of Defence staff there.

"They share with us the reservations noted in the report about the feasibility of this," said Mr. Baker's letter, which *added it had been agreed to explore the possibility of transferring about 4,000 to Milton Keynes and 6,000 to Cardiff.*

They were also looking at other possible sites — Glasgow, Plymouth, Swindon or Teesside — as an alternative to Cardiff.

Mr. Baker's letter disclosed that discussions would take place next month with officials of Glasgow corporation.

Mr. Taylor said he was "absolutely delighted" that Glasgow was in the running for the Ministry jobs.

Site is bought for industry

A NEW industrial estate is planned by Glasgow Corporation for the Maryhill district with the aim of providing 600 jobs.

The planning committee has decided to acquire 13.4 acres of derelict ground belonging to Scottish Tar Distillers at Dawsholm Road for £40,000 and this, with other land acquired, will make about 16 acres available for factory and warehouse units.

A rehabilitation scheme is to be carried out, with landscaped open spaces.

REGIONAL MARKETS

	Price Aug. 24	A=Div. B=Times covered A	B	Gross yield %
BELFAST				
B'fast 6¼ pc '80	£68½	6¼	—	e14.7
Finlay Pkg. (5p)	26	t25	1.8	4.8
Hughes (B) £1	120	8	1.3	6.7
N. Irish Sct Inv.	43½	6	1.1	5.4
NORTHERN EXCHANGE				
Albany Inv. (20p)	26	t5½	*	4.1
Ash Spinning	56	1c	U1.2	8.0
Booth (Chas.) (10p)	10	—	—	—
Brady (G.) 'A'	80	27½	1.7	8.4
Br'wat'r Est. 50p	350	18	1.6	2.6
Br. Northrop 50p	90	—	—	—

WINE

Expansion in Sicily

BY EDMUND PENNING-ROWSELL

IN THE last two or three years there has been a good deal of publicity in Britain for Italian wines, and not without success: table wine imports have risen from 500,000 gallons in 1969 to 1,725,000 gallons in 1972; and they are still increasing. Naturally it is the prestige wines of Tuscany and Piedmont that have received most editorial attention, although it is down among the two-litre trade that the greater part of the business seems to be done.

However, the bulk of Italian wine production comes from the south, from the Mezzogiorno, and the two largest producing regions are Apulia and—surprising, perhaps, to some—Sicily. Out of a total average Italian production of about 65m. hectolitres Apulia normally produces about 12m. hl. and Sicily 8m. hl, and a recent visit to this not-so-small island showed me the extent of their output, and one which is certain to grow in the coming years.

Difficult sell

Indeed, the province of Trápani on the west side has had the slightly dubious record of producing more wine than any other Italian province; dubious because until a year or two ago the Sicilians like the Apulians had considerable difficulty in selling their wines.

As recently as March 1971 there were joint protests by the growers, and claims that 80 per cent. of the bountiful 1970 was unsold, on top of a surplus over from 1969. Much of this recurrent surplus is sold at low prices to the big merchants up north who use it for the production of vermouth and brandy.

Yet this pattern has changed considerably since Italian wines were allowed free access throughout the Common Market, and particularly into France, which fought a long rearguard battle to protect their own protesting growers in the Midi. Even the frontier customs officers were enlisted to demand chemical analysis of the wines in the passing tankers and containers, with no good effect on the delayed wine.

However, all that was swept away in April 1971, and since then Italian wine has flowed into France, and particularly into the Midi in ever-increasing torrents. Whereas in 1970 Italian table wine exports into France were 1.75m. hl., by 1972 they had risen to 7.85m. hl. and they may well be higher still for the current year.

A considerable proportion of this wine has come from Sicily. From a 1970 total of 545,000 hl. the total rose last year to 2,150,000 hl. For, luckily for the Sicilians, the French need their wines to replace the greatly diminished flow from Algeria, which last year did not even fulfil its French quota of 1m. hl.

The Italians also were helped by the small disappointing vintage last year, for, whatever the justified protests of the small Midi producers, these strong Italian wines are needed to give body to the weak French components of the basic *vin rouge* required for bar and épicerie sale at the traditional *dix, onze* or *douze degrés*. With the alcoholic strength of some Midi '72s as low as 8 or 9 degrees, an infusion of well-nigh black wines of 15 or even 16 degrees from south-east Sicily (for Trápani is basically a white-wine area), has been just what the blenders of Sète and Marseilles have needed. Meanwhile demand for the white wines has expanded in northern Europe, particularly in Germany.

A blessing

Certainly this new demand has been a blessing to the Sicilians, for it is estimated that 25 per cent. of the 5m. population lives by wine. There are 160,000 growers cultivating an almost equal total number of hectares (a hectare=c. $2\frac{1}{2}$ acres), so it can be seen that they are *not* very prosperous, although many cultivate other crops too, particularly wheat and fruit.

The obvious result of this new demand is the rise in the price of what without offence may be called Sicilian "industrial wine." Whereas the basic price in 1970 was Lire9,000 per hectolitre f.o.b. a Sicilian port such as Marsala or Castellamare, and only Lire8,400 in 1971, owing to current surpluses, and remained at that price until last September, the poor 1972 vintage results in France and even in Sicily where the crop was below average caused prices to rise sharply. This summer they have jumped to Lire16,800 and I heard of quotations as high as Lire20,000. These increases have not been confined to basic Sicilian wines, but have applied all over Italy, where prices have gone up sharply in the past year.

Although the domestic Italian price of Sicilian wine has improved, the growers' and merchants' eyes are largely turned on France, whose tankers make the voyage to and from the French Mediterranean wine ports in three days each way. But how permanent is this demand, swollen by last year's poor crop?

In Sicily the wine authorities in the Instituto della Vite e del Vino in Palermo and the merchants I met in various parts of the island all expressed their confidence in the future. The Institute stated that there was an overall shortage of wine, estimated at 15 per cent. in the EEC and this was likely to grow as consumption rose, not least in the U.K., and preference for Common Market producers was basic.

That this confidence is shared by the Regional Government must be assumed from the evident enlargement all over the island of the vineyard area. I was told that for the last few years they had been increasing by 5,000 ha. a year, and the Government gives grants of up to 50 per cent. of the cost of new vineyards, which take three to five years to come into production. The extent of this growth may be put into focus by recalling that the total area in production in Champagne is not much above 20,000 ha. So the Sicilian vineyards seem to be expanding at a great rate; the authorities cheerfully say one that 50 years ago, before the phylloxera and the inter-war slump years hit the island, the area under vines amounted to 250,000 ha.

Co-operatives

The rapid development of Sicilian wine-making may be gauged in another way. While on the mainland the co-operative movement has quite deep roots, in Sicily it is largely new. In 1959 there were only four *cantine sociale*; to-day there are 82, accounting for 50 per cent. of the total output. They are assisted by the Regional Government, sensitive no doubt to the votes of the small growers whose survival is possible only through co-operative production and marketing.

To-day, the Aurora cantina *sociale* at Salemi, between Palermo and Marsala, claims to be the largest south of Rome, with about a thousand members. After decades of poverty it is too soon to talk of the Sicilian wine industry as booming, though the merchants are prospering; but it has certainly taken a decided turn for the better since the impact of the EEC made itself felt. In a further article I will discuss the wines themselves.

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Sadler's Wells OPERA. Tonight, Thurs. and Fri. at 7.30 THE MERRY WIDOW. Tomorrow at 7.30 IOLANTHE. Sat. at 7.30 LA TRAVIATA (01-836 3161)

ROYAL FESTIVAL HALL. 928 3191. Until 14 Sept. Evs. 7.30. Mat. Sat. 3 LONDON FESTIVAL BALLET

THEATRES

HER MAJESTY'S. 930 6606. Evenings 7.30. Mats. Wed. Sat. 2.30. LAUREN BACALL. APPLAUSE. "A Hit." D. Exp. E. Standard Award Best Musical. Last weeks. Must terminate Oct. 6.

LYRIC. 437 3686. Evenings 8.0. Mat. Wed. at 3.0. Sat. at 5.30 and 8.30. ALEC GUINNESS in HABEAS CORPUS

ST. MARTIN'S. 836 1443. Evs. 8. 2.45. Sats. 5 and 8. "COLIN WELLAND ... SHARPLY FUNNY ... BLOCKBUSTER" "THE BEST FIRST STAGE PLAY I RECALL FOR A GREAT MANY YEARS"

CINEMAS ARE CONTINUED ON PAGE 41

NOTICE OF REDEMPTION

To the Holders of

CABOT INTERNATIONAL CAPITAL CORPORATION

9½% Guaranteed Debentures Due September 15, 1980

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of September 15, 1970 providing for the above Debentures, $1,000,000 principal amount of said Debentures bearing the following numbers have been selected for redemption on September 15, 1973, through operation of the Sinking Fund, at the redemption price of 100% of the principal amount thereof, together with accrued interest thereon to said date:

DEBENTURES OF $1,000 EACH

M-19 1006 1712 2641 3465 4207 4650 5893 6782 7656 8387 9148 10122 10889 11681 12572 13353 14302
42 1022 1727 2660 3486 4215 4865 5913 6794 7658 8410 9169 10134 10886 11694 12379 13359 14308
57 1029 1735 2673 3494 4238 4890 5932 6805 7660 8420 9191 10141 10898 11709 12580 13384 14329
78 1036 1754 2694 3501 4239 4891 5950 6806 7668 8423 9205 10159 10901 11746 12611 13388 14336
91 1051 1765 2699 3514 4254 4917 5966 6807 7679 8455 9206 10168 10923 11748 12629 13414 14350
121 1068 1777 2712 3527 4271 4929 5987 6832 7724 8456 9217 10188 10931 11767 12643 13443 14367
133 1070 1803 2728 3542 4278 4941 6045 6892 7726 8469 9226 10196 10949 11801 12660 13469 14375
161 1084 1804 2741 3552 4298 4963 6060 6893 7736 8501 9231 10198 10951 11803 12668 13480 14393
184 1108 1831 2756 3567 4299 4965 6061 6911 7757 8504 9249 10224 10962 11853 12680 13483 14401
201 1117 1848 2794 3568 4320 4987 6066 6912 7760 8530 9265 10232 10993 11898 12709 13505 14423
219 1121 1851 2797 3576 4323 5006 6098 6913 7768 8541 9287 10251 11003 11899 12710 13522 14427
259 1135 1873 2829 3597 4336 5009 6099 6943 7781 8546 9293 10255 11019 11906 12723 13544 14451
268 1148 1876 2849 3606 4350 5036 6100 6956 7790 8558 9325 10285 11035 11942 12768 13550 14453
293 1165 1902 2862 3613 4366 5040 6113 6965 7794 8578 9326 10298 11051 11947 12775 13581 [illegible]

[illegible]

810 1459 2350 3240 3986 4654 5525 6488 7394 8195 8924 9725 10646 11421 12312 13138 14061 14627
819 1498 2360 3248 3996 4663 5549 6487 7405 8199 8952 9773 10658 11432 12329 13150 14086 14829
826 1505 2374 3262 4016 4673 5573 6553 7410 8222 8958 9779 10696 11438 12340 13169 14088 14856
839 1522 2394 3279 4026 4687 5597 6554 7430 8227 8956 9837 10705 11466 12372 13189 14116 14883
853 1531 2427 3294 4042 4693 5622 6583 7435 8228 8986 9841 10713 11470 12373 13193 14141 14904
870 1533 2440 3296 4043 4710 5652 6584 7446 8263 8992 9861 10734 11488 12382 13207 14143 14932
875 1551 2451 3320 4076 4712 5671 6586 7452 8271 9004 9880 10737 11500 12387 13214 14167 14951
888 1556 2460 3345 4077 4731 5691 6598 7515 8279 9013 9881 10740 11515 12417 13226 14174 14968
903 1578 2473 3349 4103 4739 5706 6624 7535 8304 9030 9938 10757 11521 12442 13236 14188 14985
907 1587 2484 3350 4105 4760 5734 6625 7545 8307 9041 9990 10778 11549 12443 13254 14205
919 1598 2493 3371 4120 4763 5758 6663 7557 8308 9072 10019 10784 11562 12463 13257 14216
938 1634 2517 3391 4122 4786 5777 6667 7558 8341 9080 10028 10814 11580 12467 13283 14232
946 1641 2554 3392 4165 4791 5790 6705 7559 8344 9083 10050 10822 11611 12500 13292 14249
954 1656 2569 3416 4150 4813 5810 6717 7560 8356 9103 10056 10833 11613 12512 13301 14263
974 1661 2575 3437 4171 4814 5824 6721 7571 8376 9104 10085 10841 11615 12513 13302 14266
978 1685 2595 3443 4175 4838 5848 6724 7620 8377 9140 10098 10859 11648 12521 13320 14281
993 1704 2616 3451 4193 4840 5876 6784 7649 8385 9147 10120 10866 11665 12568 13341 14298

On September 15, 1973, the Debentures designated above will become due and payable in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Said Debentures will be paid, upon presentation and surrender thereof with all coupons appertaining thereto maturing after the redemption date, at the option of the holder either (a) at the corporate trust office of Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, N. Y. 10015, or (b) subject to any laws or regulations applicable thereto in the country of any of the following offices, at the main offices of Morgan Guaranty Trust Company of New York in Brussels, Frankfurt/Main, London or Paris, or the main office of Algemene Bank Nederland N.V. in Amsterdam, or the main office of Banca Commerciale Italiana in Milan, or the main office of Banque Internationale à Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by check drawn on a bank in New York City or by a transfer to a dollar account maintained by the payee with a bank in New York City.

Coupons due September 15, 1973 should be detached and collected in the usual manner.

On and after September 15, 1973 interest shall cease to accrue on the Debentures herein designated for redemption.

CABOT INTERNATIONAL CAPITAL CORPORATION

Dated: August 9, 1973

The following Debentures previously called for redemption have not as yet been presented for payment:
M-2914 4793 4928 5638 8289 9087 9089 12118 12474 14818

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on August 24, 1973. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be selling rates only. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed are officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (K) Scheduled Territory; (D) official rate; (F) free rate; (T) tourist rate; (n/c) non-commercial rate; (n.a.) not available; (A) approximate rate; no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate.

Rates for some currencies are uncertain. Rates marked * are not necessarily up to date.

Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling	Place and Local Unit	Value of £ Sterling
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Oils slow industrial profits

FINANCIAL TIMES REPORTER

A RISE of 18.6 per cent. in the pre-tax profits of industrial companies is shown by the latest Financial Times analysis of the trend of industrial profits. Earnings for ordinary shareholders improved by 15.7 per cent., while ordinary dividends paid were 8.9 per cent. higher.

The company results analysed were those whose financial year ended between October 15, 1972 and January 14, 1973, and had published their results by the end of July. This period is the one when a considerable number of companies end their account year. So far, 597 industrial companies and 807 companies in all have been analysed.

These results, however, have been held back by the indifferent performance of the major companies in the Oil sector. The pre-tax profits of this sector, which accounted for 41 per cent. of the total industrial figure, were only 3.7 per cent. higher.

A more realistic comparison with the tables covering other periods can be made by omitting Oils from the industrial figures, since it is only in this period that Oils dominate. If this is done, it is seen that pre-tax profits have advanced by 31.6 per cent., earnings by 37.9 per cent. and dividends by 11.3 per cent.

Other sectors which played an important, but less dominating, role were chemicals, with pre-tax profits up 7.8 per cent., engineering, up 15.3 per cent., food manufacturing, up 27.3 per cent., and industrial holding companies, up 39.9 per cent.

Canon attacks City 'honesty'

AN ATTACK on the motives and methods of speculators and businessmen in the City of London was made on Sunday by Canon John Collins. In a sermon at St. Paul's Cathedral, he called for a change in attitudes and practices, after questioning the City's claim that its affairs were managed on the basis of honesty.

"If the policy is immoral, if it is to further the selfish accumulating of profits and privileges by the few at the expense of the many, then honesty is no different from the honesty found among thieves," he said.

Presumably, as long as investment in South Africa paid good dividends, wealthy nations would not assist in ending apartheid. The cause of peace and disarmament would not be furthered as long as making and selling arms brought profits. "Can we look to the City for a proper response to needs of the under-privileged and hungry of the world? I think not," Canon Collins said.

To The Holders Of

Builders Investment Group

7½% Subordinated Debentures Due 1975

7½% Subordinated Debentures Due 1976

[illegible]

Builders Investment Group

Dated: August 24, 1973

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 807 COMPANIES

The Financial Times gives below the table of company profits and balance-sheet analysis. This covers the results (with the preceding year's comparison in brackets) of 807 companies, whose account year ended in the period between October 15, 1972, and January 14, 1973 which published their reports up to end-July, 1973. (Figures in £000.)

The new method of aggregating the results of company reports is now in force. The method of presentation in the past has been simply to aggregate the results of all companies whose reports were received during the calendar year. This meant that the final table for the year contained the results of companies covering a wide range of accounting periods.

The new method is to group the companies according to the end of their financial year. Thus, the table will show results over the same period. As more results from companies are received for a later period, the table will change to the next period.

The obvious advantage is that the trends in trading profits, earnings and dividends will be seen much more clearly.

INDUSTRY	No. of Cos.	Trading Profits (1)	% change	Profits before Int. & Tax (2)	Pre-Tax Profits (3)	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. Dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap'l (9)	Net Current assets (10)
AIRCRAFT & COMPONENTS	1	43,539 (33,275)	+30.9	36,169 (26,159)	34,485 (22,388)	14,892 (9,981)	18,236 (12,035)	+51.5	7,509 (7,152)	+5.0	17,462 (11,472)	186,724 (169,791)	19.4 (15.4)	101,998 (89,527)
BUILDING MATERIALS	58	233,862 (189,327)	+23.6	169,676 (138,756)	150,189 (118,872)	56,155 (46,570)	89,095 (67,599)	+31.8	38,660 (36,367)	+6.3	108,410 (79,294)	915,952 (805,029)	16.6 (17.3)	200,484 (181,835)
CONTRACTING & CONSTRUCTION	54	158,366 (119,550)	+32.5	117,410 (82,194)	99,197 (68,362)	41,467 (27,505)	54,354 (38,776)	+40.2	18,302 (14,633)	+25.1	72,791 (57,835)	675,037 (497,937)	17.4 (16.5)	197,057 (134,839)
ELECTRICALS (EX ELECTRN. ETC.)	9	61,844 (52,296)	+18.3	45,804 (36,642)	37,330 (26,504)	17,450 (14,657)	15,014 (8,088)	+85.6	10,564 (9,506)	+11.1	20,366 (13,882)	381,007 (326,131)	12.0 (11.2)	127,459 (117,289)
ENGINEERING	91	307,043 (282,448)	+8.7	227,960 (206,600)	190,317 (164,999)	78,324 (71,824)	103,492 (85,468)	+21.1	55,154 (49,217)	+12.1	118,885 (104,080)	1,684,386 (1,544,384)	13.5 (13.4)	652,114 (578,536)
MACHINE TOOLS	13	10,764 (13,200)	−18.5	6,130 (8,916)	3,250 (6,004)	(3,452) (4,049)	−406 (1,780)	*	3,038 (3,037)	−0.3	181 (2,123)	121,013 (121,814)	5.1 (7.3)	59,708 (58,359)
SHIPBUILDING	2	9,045 (6,804)	+32.9	5,852 (3,725)	4,907 (2,818)	1,244 (387)	3,216 (2,276)	+41.3	1,208 (1,150)	+5.0	4,791 (3,635)	45,296 (37,393)	12.9 (10.0)	8,222 (1,941)
MISC. CAPITAL GOODS	23	72,369 (64,436)	+12.3	57,044 (50,872)	50,142 (44,707)	21,089 (18,397)	26,427 (23,886)	−10.6	14,676 (15,875)	+5.8	24,994 (21,616)	322,579 (286,100)	17.7 (17.8)	116,823 (115,989)
TOTAL CAPITAL GOODS	251	896,930 (761,334)	+17.8	666,045 (553,864)	569,817 (456,154)	234,073 (193,370)	309,428 (239,908)	+29.0	149,090 (134,937)	+10.5	367,870 (294,137)	4,329,984 (3,786,579)	15.4 (14.6)	1,463,865 (1,278,303)
ELECTRONICS RADIO & TV	7	34,716 (23,292)	+49.0	29,521 (19,560)	27,384 (15,756)	10,828 (6,103)	15,909 (9,195)	+73.0	4,288 (3,321)	+29.1	16,344 (9,310)	99,175 (95,711)	29.8 (20.4)	51,423 (44,827)
HOUSEHOLD GOODS	23	46,053 (33,348)	+38.1	38,216 (26,874)	36,974 (25,472)	14,244 (10,190)	22,474 (15,060)	+49.3	7,653 (7,045)	+8.6	21,262 (13,694)	148,681 (122,640)	25.7 (21.9)	75,229 (58,431)
MOTORS & COMPONENTS	17	224,501 (138,165)	+62.5	145,423 (62,036)	115,032 (32,898)	48,804 (29,379)	56,171 (−6,418)	*	18,252 (13,776)	+32.5	116,072 (51,294)	1,019,420 (995,716)	14.3 (6.6)	328,531 (277,059)
MOTOR DISTRIBUTORS	17	26,980 (19,393)	+39.1	22,386 (15,756)	17,923 (11,566)	7,160 (4,531)	10,393 (6,816)	+52.5	4,076 (3,344)	+21.9	9,727 (6,121)	144,617 (106,584)	15.5 (14.8)	22,422 (20,155)
TOTAL CONSUMER DURABLE	64	332,250 (214,199)	+55.1	235,546 (128,226)	197,313 (85,712)	81,036 (50,203)	104,947 (24,643)	*	34,269 (27,486)	+24.7	163,405 (80,349)	1,411,893 (1,320,551)	16.7 (9.7)	477,606 (400,552)
BREWERIES	2	2,672 (2,176)	+18.2	2,355 (2,002)	2,250 (1,866)	905 (773)	1,315 (1,063)	+23.7	676 (662)	+2.1	746 (500)	13,392 (12,786)	17.6 (15.7)	863 (588)
DISTILLERIES & WINES	6	10,244 (7,718)	+32.7	9,036 (6,572)	7,963 (5,248)	3,089 (2,082)	4,785 (3,064)	+56.2	1,868 (1,539)	+21.4	3,783 (2,404)	57,647 (49,524)	15.7 (13.3)	31,269 (27,059)
HOTELS & CATERERS	10	36,157 (27,834)	+29.9	28,973 (21,834)	20,746 (14,838)	3,899 (3,334)	16,158 (11,025)	+46.4	9,688 (7,305)	+32.6	12,907 (9,015)	286,274 (208,823)	10.1 (10.5)	−9,863 (2,061)
LEISURE	19	18,648 (15,046)	+23.9	15,485 (12,251)	14,587 (11,175)	6,009 (4,588)	8,505 (6,375)	+32.4	4,216 (3,696)	+14.1	6,316 (4,501)	40,918 (31,844)	37.8 (38.5)	5,848 (4,594)
FOOD MANUFACTURING	17	252,467 (205,622)	+22.8	180,015 (150,467)	163,604 (128,516)	73,486 (59,616)	84,878 (65,009)	+30.6	39,097 (33,900)	+15.3	104,587 (83,791)	1,114,027 (1,013,241)	16.2 (14.9)	426,147 (362,760)
FOOD RETAILING	11	10,419 (8,884)	+17.3	8,167 (6,912)	7,764 (6,512)	3,154 (2,660)	4,546 (3,784)	+20.1	2,030 (1,968)	+3.2	3,808 (3,075)	32,188 (26,439)	25.4 (26.2)	493 (−1,233)
NEWSPAPERS AND PUBLISHING	22	68,032 (47,001)	+44.7	55,406 (36,664)	49,870 (30,997)	19,621 (12,348)	27,150 (15,976)	+69.9	11,448 (9,343)	+22.5	26,039 (15,230)	239,403 (209,695)	23.1 (17.5)	55,446 (42,596)
PACKAGING AND PAPER	15	52,640 (44,779)	+17.6	37,483 (30,147)	32,311 (27,965)	13,119 (11,894)	17,882 (12,913)	+38.5	10,538 (9,892)	+6.5	21,332 (10,072)	221,418 (204,934)	16.9 (14.7)	78,912 (66,587)
STORES	7	54,548 (50,109)	+8.9	47,249 (43,490)	42,878 (36,113)	17,568 (16,517)	25,145 (20,102)	+25.1	21,342 (19,387)	+9.6	10,635 (6,796)	263,922 (252,713)	17.9 (17.2)	20,870 (7,200)
CLOTHING AND FOOTWEAR	36	39,702 (31,276)	+26.9	31,440 (23,804)	28,530 (21,065)	11,293 (8,257)	16,766 (12,321)	+36.1	6,707 (5,463)	+22.8	16,259 (12,097)	148,344 (125,444)	21.2 (19.0)	57,182 (60,167)
TEXTILES	18	64,678 (54,497)	+18.7	50,400 (41,004)	43,798 (33,625)	19,844 (16,082)	21,546 (15,248)	+41.3	11,986 (11,514)	+4.1	28,931 (16,147)	293,565 (300,197)	17.2 (13.7)	156,614 (124,949)
TOBACCO	3	138,420 (120,809)	+14.6	118,023 (102,473)	106,384 (89,765)	39,390 (32,474)	66,447 (56,766)	+17.1	41,565 (37,615)	+10.5	44,631 (36,534)	753,450 (758,954)	15.7 (13.9)	330,472 (330,477)
TOYS AND GAMES	3	2,108 (1,073)	+96.5	1,583 (590)	1,413 (574)	538 (325)	866 (31)	*	306 (175)	+74.9	958 (248)	8,030 (7,043)	19.7 (8.4)	3,287 (2,244)
TOTAL CONSUMER NON-DURABLE	169	750,635 (616,824)	+21.7	595,615 (478,210)	522,098 (408,067)	211,905 (171,050)	295,739 (223,573)	+32.3	161,367 (142,459)	+13.3	275,100 (200,408)	3,472,578 (3,181,626)	16.9 (15.0)	1,157,540 (1,019,649)
CHEMICALS	22	488,778 (430,882)	+13.4	287,476 (261,576)	222,153 (206,061)	86,059 (76,606)	116,242 (114,358)	+1.6	87,528 (84,039)	+4.2	204,599 (184,576)	2,540,645 (2,386,381)	11.3 (11.0)	694,430 (582,431)
OFFICE EQUIPMENT	14	95,734 (77,796)	+23.1	80,044 (63,978)	71,886 (56,817)	33,052 (25,054)	36,938 (29,076)	+27.0	16,907 (14,533)	+16.3	34,216 (27,950)	384,022 (340,311)	20.8 (18.8)	103,848 (84,413)
OIL	7	1,625,212 (1,540,936)	+5.5	1,328,449 (1,262,596)	1,221,072 (1,178,030)	970,575 (824,387)	230,657 (327,976)	−29.7	186,257 (180,802)	+3.0	338,414 (423,327)	5,921,741 (5,350,456)	22.4 (23.6)	1,134,768 (1,003,108)
SHIPPING	15	80,895 (61,316)	+31.9	47,198 (32,261)	35,010 (21,869)	9,111 (6,656)	25,909 (15,595)	+65.3	15,242 (14,448)	+5.5	39,583 (28,770)	681,981 (588,104)	6.9 (5.5)	51,308 (41,219)
INDUSTRIAL HOLDING CO.	34	199,109 (154,221)	+29.1	153,146 (113,630)	123,488 (88,254)	50,098 (34,238)	58,306 (42,397)	+37.5	27,173 (23,860)	+13.9	73,330 (55,454)	1,050,758 (863,737)	14.6 (13.2)	228,835 (185,119)
MISC. INDUSTRIAL	23	38,788 (32,728)	+18.5	27,360 (22,429)	24,392 (19,839)	9,434 (7,816)	14,410 (11,552)	+24.7	8,496 (7,443)	+14.1	15,712 (12,392)	157,906 (119,962)	17.3 (18.7)	26,174 (18,414)
TOTAL INDUSTRIALS	597	4,509,331 (3,890,236)	+15.9	3,410,879 (2,916,770)	2,987,226 (2,519,593)	1,685,523 (1,389,380)	1,190,576 (1,029,076)	+15.7	686,308 (630,007)	+8.9	1,512,229 (1,307,865)	19,981,506 (17,937,707)	17.1 (16.3)	5,298,375 (4,613,205)
BANKS	5	530,221 (402,515)	+31.8	467,073 (352,388)	412,791 (298,784)	171,344 (125,497)	231,309 (163,868)	+41.2	64,502 (58,012)	+11.2	227,800 (155,083)	3,098,189 (2,552,566)	15.1 (15.0)	1,028,134 (783,080)
DISCOUNT HOUSES, MERCHANT BANKS etc.	12	121,608 (88,060)	+38.1	— (—)	— (—)	— (—)	43,595 (33,709)	+29.3	17,629 (16,790)	+5.0	— (—)	‡4,370,592 (‡3,400,041)	— (—)	184,735 (114,461)
HIRE PURCHASE	4	31,447 (21,484)	+46.4	29,705 (20,093)	17,317 (11,057)	6,590 (4,314)	10,261 (6,269)	+63.7	5,002 (3,902)	+28.2	7,061 (5,452)	270,427 (162,056)	11.0 (12.4)	30,682 (20,579)
INSURANCE	19	252,157 (201,945)	+24.9	— (—)	— (—)	— (—)	166,982 (143,079)	+16.7	100,748 (92,855)	+8.5	— (—)	9,980,226 (8,732,116)	— (—)	−879,785 (−666,721)
INSURANCE BROKERS	6	27,592 (21,507)	+28.3	24,287 (18,625)	23,272 (17,491)	9,776 (7,393)	13,075 (9,830)	+33.0	7,044 (6,730)	+22.9	7,491 (5,384)	53,217 (41,900)	45.7 (44.5)	11,202 (10,616)
INVESTMENT TRUSTS	95	64,194 (61,613)	+4.2	65,252 (60,267)	49,594 (49,316)	3,367 (3,261)	43,463 (43,513)	−0.1	43,676 (40,707)	+7.3	−182 (2,896)	1,887,465 (1,441,340)	3.4 (4.2)	−17,249 (−3,675)
PROPERTY	20	75,360 (49,858)	+51.1	73,246 (47,997)	24,294 (14,859)	6,866 (4,588)	15,032 (8,435)	+78.2	9,454 (7,796)	+21.3	6,747 (1,563)	1,051,569 (647,424)	7.0 (7.4)	−86,587 (−86,609)
MISC. FINANCIAL	12	18,264 (10,622)	+71.9	17,121 (9,707)	12,255 (6,756)	4,582 (2,550)	5,960 (3,471)	+71.7	1,623 (1,328)	+22.2	4,874 (2,583)	120,889 (78,072)	14.2 (12.4)	22,098 (17,866)
TOTAL FINANCIAL	173	1,120,813 (857,402)	+30.7	674,694 (509,077)	539,323 (396,863)	202,525 (147,593)	529,667 (412,174)	+28.5	249,678 (227,100)	+9.9	253,791 (171,061)	†5,481,776 (†4,723,358)	†10.4 (†10.8)	293,170 (189,547)
RUBBERS	16	14,877 (17,984)	−17.3	12,094 (15,711)	11,257 (15,058)	3,933 (5,626)	7,188 (9,568)	−25.5	7,352 (7,369)	−0.2	2,577 (4,050)	83,406 (66,118)	14.5 (23.8)	12,536 (11,089)
TEA	15	1,838 (1,652)	+11.3	1,358 (1,172)	1,107 (841)	548 (452)	445 (348)	+27.9	362 (339)	+6.8	414 (417)	17,489 (17,760)	7.8 (6.6)	1,938 (1,857)
TIN	4	2,828 (5,021)	−6.4	1,886 (2,154)	1,854 (2,102)	776 (935)	1,010 (1,023)	−1.3	660 (671)	−1.6	1,262 (1,138)	14,195 (13,308)	13.3 (16.2)	757 (298)
MISCELLANEOUS MINING	2	163,650 (113,516)	+44.2	118,477 (81,169)	96,097 (67,742)	35,200 (28,300)	28,097 (18,242)	+54.0	13,800 (13,200)	+4.5	58,145 (37,532)	1,106,459 (968,111)	10.7 (8.4)	161,244 (105,254)
OTHER RAW MATERIALS	3	1,956 (1,770)	+10.5	1,594 (1,509)	1,521 (1,464)	517 (486)	977 (973)	+0.4	690 (631)	+9.4	373 (569)	14,504 (11,567)	11.0 (13.0)	1,385 (1,762)
TOTAL COMMODITIES	37	185,148 (137,945)	+34.2	135,409 (101,715)	110,856 (87,207)	40,976 (35,799)	37,717 (29,954)	+25.9	22,864 (22,210)	+2.9	62,771 (43,506)	1,236,033 (1,076,864)	11.0 (9.4)	177,880 (120,260)

NOTES ON COMPILATION OF THE TABLE

The classification follows closely that of the Institute and Faculty of Actuaries, which has been adopted by the Stock Exchange Daily Official List.

Col. 1 gives trading profits, plus investment and other normal income properly belonging to the financial year covered. The figure is struck before charging depreciation, loan and other interest, directors' emoluments and other items normally shown on the profit and loss account. Excluded are all exceptional or non-recurring items such as, for example, capital profits, unless the latter arise in the ordinary transaction of business.

N.B. — Certain companies, including merchant banks, discount houses, insurance and shipping companies, are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges, except loan and other interest but before deducting taxation provisions and minority interests. In the case of Banks no figure can be shown because of non-disclosure (see foregoing paragraph).

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debenture and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporate taxation including Dominion, Colonial and Foreign liability and future tax provisions but excludes adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—
1 Minority interests.
2 All prior charges—sinking fund payments, etc., and Preference dividends, and

Provisions for staff and employees' pension funds where this is a standard annual charge against net revenue.

Col. 6 sets out the gross cost of dividend on equity capital.

Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison, equity earnings plus depreciation less equity dividends, is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities except bank overdrafts.

‡ For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.

† Excluding merchant banks, discount houses insurances, etc.

* No figures given.

Col. 10. Net current assets are arrived at by the subtraction of current liabilities and provision from current assets. It must therefore be regarded mainly as an industrial activity and is not necessarily an indication of the volume and the value of true guide to actual liquid resources.

THE EXPANDED METAL COMPANY LIMITED

All sections of the Group in the first half of 1973 have been operating at a much higher level of activity than in the corresponding period of 1972, which was affected by various industrial disputes. As a result of these satisfactory conditions the Group trading profit for the six months to 30th June, 1973, is £877,000 including the consolidation of £50,000 profit from three associate Companies (HATMET LTD., VAAL METAL PRESSINGS (PTY) LTD. and METAL DEPLOYE BELGE) for periods varying between 6 and 9 months.

Including the consolidated items, which did not arise in 1972, this represents an increase of 44½% over the first half of 1972.

£'000	1969	1970	1971	1972	1973
First half (unaudited) ...	352	436	542	607	877
Second half	498	577	772	935	—
Full Year	850	1,013	1,314	1,532	—

The interim dividend of 3.5% (1972 interim 8% gross on smaller capital, or the equivalent of 3.36%) is declared payable on 26th October to shareholders registered on 28th September, 1973.

A few manufacturing operations are being affected by the present severe shortage of steel, but we believe as a result of careful forward planning that the effect on our overall business will be small. I expect our results for the remainder of the year to show continued improvement.

PATRICK HAMILTON, Chairman.

24th August, 1973.

F.T. SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

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CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

PUBLIC BOARD AND OTHER LOANS

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 22½% (based on $2.4555 per £)

CANADIANS

S.E. List Premium 22½% (based on $2.4690 per £)

"Recent Issues" and "Rights" Page 37

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £250 per annum for each security

For Notes, see page 39

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS, ETC.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING AND METAL

ENGINEERING AND METAL—Cont.

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MACHINE TOOLS

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Continued

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

TRUSTS—Continued

[illegible]

RUBBERS AND SISAL

Dividends Paid	Stock	Price	Last xd	Div.	Cvr	Y'ld
— —	Anglo-Indonesian	34	[illegible]	—	—	—
Sept.	Bertam Con. 10p	42xd	[illegible]	16.4	ϕ	[illegible]
July	Bradwall 10p	82	[illegible]	‡14.7	0.8	[illegible]
January	Bukit Mert. 10p	43	[illegible]	10	1.8	[illegible]
July Feb.	Castlefield 10p	87	[illegible]	15	1.5	[illegible]
May	Chersonese 10p	63	[illegible]	‡28	0.7	[illegible]
May	Cons. Plants 10p	63	[illegible]	‡15	1.6	[illegible]
Mar. July	Dunlop Dev.	400	[illegible]	12½	ϕ	0.8
— —	Dua. Plant 10p	25	[illegible]	ϕR—	—	—
Jan. May	Gadek 10p	37½	[illegible]	[illegible]	0.8	[illegible]
May Dec.	Golden Hope 10p	66	[illegible]	35	1.2	[illegible]
— —	Grand Central 10p	6	[illegible]	25	—	[illegible]
July Feb.	Guthrie Corp £1	393	[illegible]	‡12.9	1.3	[illegible]
Dec. July	Highlands 10p	113	[illegible]	‡25.7	0.5	[illegible]
Dec. July	Kuala Kepong 10p	161	[illegible]	25	1.8	[illegible]
Jan. July	Kulim 10p	32	[illegible]	‡11.9	0.8	[illegible]
Jan. June	Ldn Asiatic 10p	48xr	[illegible]	h617.5	1.2	[illegible]
September	Ldn Sumatra 10p	40xd	[illegible]	‡10.3	1.5	[illegible]
Nov. July	Malakoff 10p	62	[illegible]	12½	1.9	2.0
May Nov.	Malayalam 10p	16	[illegible]	15	0.5	[illegible]
November	Muar River 10p	53	[illegible]	15	1.5	2.6
Nov. May	Pataling 10p	44	[illegible]	[illegible]	1.1	[illegible]
Feb. Aug.	Plantat'n Hldgs. 10p	59	[illegible]	21	ϕ	[illegible]
March	Sungei Krian £1	£10¼	[illegible]	40	1.1	[illegible]
Aug. Apr.	Tapnag 10p	29	[illegible]	68	1.8	2.8
Sept. Apr.	Warren Rub. 10p	63ϕ	[illegible]	9.6	0.7	[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES—CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIANS

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

THE LEX COLUMN

Theoretic returns in equities

It is apparent that trying to use yield comparisons to draw conclusions about security prices on short term view—say a year or less—is a futile exercise. But it can be helpful to take bearings from time to time over the long haul picture: it certainly was to the British insurance industry in the early fifties when it progressively built up its holdings of equities from very roughly 12 per cent. to 24 per cent. (at cost) by the early sixties. Thanks to this, the market values of its portfolios are handsomely ahead of cost. It had in fact anticipated what may be thought of as the post-war revaluation era of equities against fixed interest securities.

As the realisation spread that in an inflationary age it was fixed interest securities that offered the high risk and not equities, so first the dividend yield gap (1958) and then the earnings yield gap (1968) closed and reversed. There was a parallel development in property yields which was not however muddled by the consideration of earnings as opposed to dividend: what happened here was that the prime property yield, which had tended to march in fairly constant relationship to the long term mortgage rate, was left behind it as 50-year reviews (early fifties) passed progressively to the 5 year reviews common to-day. And by way of rationalisation of to-day's yield structure one could say that the difference between the prime office yield of say 4 per cent. and the mortgage rate of say 12 to 13 per cent is precisely the general inflationary expectation —8 to 9 per cent.

The equity picture is less neat. On the one hand you can apply the property yield rationalisation to the equity yield of 4½ per cent. (on the Actuaries industrials) and the same inflationary-expectation/bond-yield equation. But at the same time there are analysts who would turn to the earnings yield and point out with satisfaction that the 10 per cent. "historic" earnings yield shown by the Actuaries industrials would be 11 to 12 per cent. on 1973 earnings, which in turn matches to-day's bond yield. It is rare to see the two approaches combined, which is what common sense demands.

Infernally academic all this may sound. Yet so did the concept of the earnings yield many years ago. And one can to-day pinpoint the exact spot where the earnings yield ceases to be academic, and that is where an investment holding rises to the 20 per cent. "associate" status and is normally equity accounted. If inflation and retained earnings are to be brought into the equation in calculating the return from equities to a strategic investor, then he had better adjust the accounts for the inflation effect while he is about it.

For the average industrial company in the Actuaries list, the constituents of the theoretic long haul return then break down into a gross dividend yield of 4½ per cent., plus retained earnings (fully taxed) of about 4 per cent., minus the inflation effect, plus the rate of inflation. On the rough basis of current cost accounting the inflation effect has been calculated to knock something around a quarter off the average company's reported earnings so that assuming an inflation rate of, say, 8 per cent., the theoretic return emerges at 14½ per cent.

The fact that the return so calculated turns out to be higher than the going long gilt yield does not, of course, have any implications about the short, or even medium, term price relationship between gilts and equities: for one's long term rate of return is bedevilled if the security happens to be standing on a yield of 6½ per cent. instead of 4½.

Nonetheless we have seen the institutions chase property yields down until the gap with fixed yields seems to equal the inflationary expectation. We have seen them more recently turning to the property companies themselves, which seems quite logical in terms of both price and the trouble of assembling property portfolios.

So if equities appear to offer value with a slight edge over properties at current prices, it would be quite logical, for these same reasons of price and the trouble of acquiring holdings in bulk, for the institutions to interest themselves in strategic stakes in public or private companies, financial or industrial.

Norwest Holst

The interest in the Norwest Holst accounts lies in the motives of the consortium which has accumulated nearly three-tenths of the equity. Published net worth, two-fifths below the 125p share price, is no help but development land at cost (£4½m.) takes up over a quarter of group's capital employed: it includes space for perhaps 4,000 housing units and some of the land has apparently been held for a long time. In addition, the unquoted trade investments (£1.2m.) include a sizeable development in Birmingham; and for what it is worth the consortium—which picked up its shares at an average 100p—claims that its sums put the net worth well above the current share price.

As for profitability last year's £1½m. took in the building strike plus losses on local authority building which ran well into six figures and should now be over. The scope for improvement here is evidenced in the fact that the private housing division may be running at very roughly 1,000 units a year and represents less than a third of group turnover. Anyway this year's forecast may imply something like £2¼m. overall.

Meanwhile, Norwest's hostility towards the consortium is not just confined to the chairman's statement. Between March and July, the Board acquired a further 412,000 shares at an average price of 121p—well within sight of the all-time high—and claims to influence about two-fifths of the equity. For the outsider, the speculative risk is cushioned by a prospective p/e of perhaps 12½ fully diluted.

Weather

U.K. TO-DAY

CLOUDY with bright or sunny spells. Mainly dry.

London, S.E. England
Cloudy, becoming bright. Wind variable light. Max. [illegible] (72F).

E. Anglia, E. England
Cloudy, bright or sunny intervals. Wind variable light. Max. 19C (66F).

Cent. S. England, Midlands, Channel Is.
Dry, sunny spells. Wind N.W. light. Max 22C (72F).

S.W., N.W. and Cent. N. England, Wales, Lakes, I. of Man, S.W. Scotland, Glasgow, Highlands, Moray Firth
Dry, sunny spells. Wind N.W. light or moderate. Max. 18-20C (64-68F).

N.E. England, Borders, Edinburgh, E. and N.W. Scotland, Aberdeen, Argyll
Bright or sunny intervals. Wind variable or W. light to moderate. Max. 16-17C (61-63F).

Caithness, Orkney, Shetland
Sunny spells. Wind W., moderate. Max. 14C (57F).

N. Ireland
Sunny spells, occasional rain later. Wind W., moderate. Max. 18C (64F).

Outlook: Changeable.

Lighting-up: London, 20.27, Manchester 20.40, Glasgow 20.53, Belfast 20.57.
WSF

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	S	30	86	Madrid	S	28	[illegible]
Amsrdm.	S	23	73	Manchestr	C	18	[illegible]
Athens	S	31	88	Melbourne	R	9	[illegible]
Bahrain	S	33	91	Milan	C	26	[illegible]
Beirut	S	28	82	Montreal	S	[illegible]	[illegible]
Belfast	C	17	63	Moscow	C	19	[illegible]
Belgrade	C	17	63	Munich	S	23	[illegible]
Berlin	S	23	73	Newcastle	F	18	[illegible]
Birmghm	F	19	66	New York	F	31	[illegible]
Bristol	C	19	66	Oslo	F	19	[illegible]
Brussels	S	25	77	Paris	C	24	[illegible]
Budapest	S	24	75	Perth	S	18	[illegible]
B. Aires	S	19	66	Prague	S	22	[illegible]
Cairo	S	34	94	Reykjavik	F	13	[illegible]
Cardiff	R	18	64	Rio de J'o	S	26	[illegible]
Cologne	S	27	81	Rome	F	28	[illegible]
Copnhagn	S	19	66	Singapore	C	28	[illegible]
Dublin	R	17	63	Stockholm	C	16	[illegible]
Edinburgh	C	18	64	Strasbourg	F	22	[illegible]
Frankfurt	S	27	81	Sydney	R	14	[illegible]
Geneva	S	23	73	Tehran	S	33	[illegible]
Glasgow	R	17	63	Tel Aviv	S	28	[illegible]
Helsinki	F	13	55	Tokyo	S	32	[illegible]
H. Kong	C	29	84	Toronto	C	26	[illegible]
Jo'burg	S	21	70	Vienna	C	22	72
Lisbon	S	25	77	Warsaw	S	20	[illegible]
London	F	22	72	Zurich	C	19	[illegible]
Luxembrg.	F	26	79				

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	27	81	Jersey	C	18	[illegible]
Algiers	F	30	86	Las Plms	S	25	[illegible]
Barcelona	C	27	81	Locarno	F	22	72
Biarritz	C	23	73	Luxor	S	38	[illegible]
Blackpool	C	18	64	Majorca	F	28	[illegible]
Bordeaux	F	23	73	Malaga	S	28	[illegible]
Boulogne	S	21	70	Malta	S	31	[illegible]
Casablnca	F	24	75	Nairobi	S	20	[illegible]
Cape Tn.	S	20	68	Naples	F	28	[illegible]
Corfu	F	28	82	Nice	F	26	[illegible]
Dubrovnik	C	26	79	Nicosia	S	35	[illegible]
Faro	S	26	79	Oporto	S	22	[illegible]
Florence	F	25	77	Salzburg	S	24	75
Gibraltar	S	25	77	Tangier	S	25	77
Guernsey	C	18	64	Tenerife	F	30	[illegible]
Innsbruck	S	25	77	Tunis	F	28	[illegible]
Inverness	R	17	63	Valencia	C	27	81
I of Man	C	16	61	Venice	F	26	79
Istanbul	F	26	79				

S—Sunny. F—Fair. C—Cloudy. R—Rain.

Lombard

The rise and fall of modern economics

BY JOE ROGALY

THE AGE of the ascendancy of the economic witch-doctors is over. This blessed turning point is recorded this morning with the publication of the fourth edition of Sir Eric Roll's "A History of Economic Thought" (Faber and Faber, £4.95).

It is nearly 20 years since the appearance of the third edition (the book was first published in 1938), and so it might be said that this continuing work by Sir Eric has coincided with the rise of economists—practitioners of the inexact science — to their erstwhile status as the indispensable grimacing, medicine-men of modern society, followed by their present embarrassment as more and more of us unmask them when we discover that throwing the bones is not a good way of finding out how to increase the happiness of mankind.

Heady time

It was a heady time while it lasted. As Sir Eric records: "For some 30 years after the appearance of Keynes' General Theory, the status of Economics, largely of the kind associated with his name and general approach, increased steadily until it reached a position of authority, both as a branch of social science and as a tool for the better ordering of human affairs, unparalleled in its history and unequalled by any of the other of the non-physical sciences."

In consequence, the dénouement—what Sir Eric calls "The Age of Doubt"—and the beginning of the recession of the tide is particularly dramatic.

Questioning

Sir Eric postulates a number of reasons for to-day's "Questioning of the new orthodoxy"—developed from Keynes—and the "erosion of its authority in the world of action."

He finds that the answer must come, primarily, from "dissatisfaction aroused by the system's declining ability to cope with practical economic problems."

This has manifested itself, in recent years, in the monetarist school's "counter-revolution," the wrecking of the Bretton Woods mechanism for regulating international payments, demands for an incomes policy, disquiet about pollution and the environment and questioning about the value of economic growth itself.

"Finally," writes Sir Eric "doubt has been expressed whether Economics as a whole is concerned with the right problem."

Now the tone of Sir Eric's new concluding chapters is not that of a man who believes that economics has had its day, or that the vast pride of witch-doctors will forthwith be dismissed, to swell the ranks of the unemployed whose problems they have in recent years been so singularly ill-equipped to solve. The author of "A History of Economic Thought" is clearly not that disillusioned.

Disappointment

If others are to avoid a more severe disappointment, the lesson of the contemporary history of economists' practice needs to be learned. At bottom, it is this:

There is no such thing as social "science." Prescriptions for governing the behaviour of mankind are qualitatively different from, and inferior to, the formulas devised, tested, and proved in the laboratory by students of the physical sciences.

The more that any single social study is advertised as a "science" capable of producing panaceas—as has been the case with economics—the more likely are its practitioners to fall flat on their masks.

There certainly is a case for inter-disciplinary rational inquiry into the problems of society (combining economics with for example, social psychology) but even those of us who believe this to be a path worth pursuing should beware of a future in which a new corps of "sociologist" witch-doctors fools the ever-gullible world into repeating the mistake it made when it was taken in by the economists.

Non-union labour issue is new threat at Chrysler

BY PETER CARTWRIGHT

PLANS FOR a full-scale resumption of work at Chrysler U.K.'s strike-hit Coventry engine plant were thrown into confusion yesterday after accusations that management had drafted in non-union labour to do work normally done by striking electricians.

Although this key factory, which supplies transmission units for car production in Coventry and Scotland, and Commer van production at Dunstable, was working again for the first time in two weeks, 88 millwrights stayed away. Many others either refused to cross picket lines, or later walked out.

At the Stoke, Coventry, engine plant, where 2,600 workers returned to implement Friday's decision to lift "blacking" on electrical work, pickets handed out leaflets claiming that non-union labour from London had been brought in over the week-end to do electrical maintenance. "What stunts will the company try next?" the leaflets asked.

New dimension

Chrysler replied that the men were senior management representatives from other U.K. factories in the American-owned corporation. "They came to give direction and advice on electrical problems," a spokesman said.

In a fuller statement issued last night the corporation explained that because The Association of Scientific, Technical and Managerial Staffs—to which almost all supervisors belong—had told members not to carry out electrical work it had to find others to do it in order to "secure the future livelihood of 23,000 hourly-paid employees at Ryton, Stoke, Dunstable and Linwood." The men had come from other Chrysler factories, belonged to no union, or had otherwise been recruited individually. No contractors had been employed.

The millwrights' action has added a new dimension to the pay and status strike by 156 electricians, now in its fourth week, which has been officially recognised by the Electrical and Plumbing Trades Union. Previously the millwrights had been going in normally, along with 2,400 other workers.

It is now unclear whether they are giving belated support to the strikers—as the electricians claim—or are acting on their own. Most of them are members of the Transport and General Workers' Union.

A meeting of the entire 5,200 labour force has been called to-day to try to sort out the confusion.

A sidelight on the situation at Stoke is that the men have been prepared throughout to allow supervision to maintain compressors, without which the plant would have come to a complete standstill.

Whether the millwrights, who are even more essential than the electricians, will remain out has yet to be seen.

Assembly at the nearby Avenger car plant at Ryton halted quickly when their colleagues stayed away in support of the electricians. It only resumed when they returned in the middle of last week.

The chief loser is Linwood, Scotland, which relies on Stoke for supplies to make Hunters and Imps, and where 4,400 of the 7,000 labour force are now idle. They were expecting to be recalled later in the week.

It was clear, after Friday's overwhelming vote to lift "blacking" at Stoke and to return, that the electricians were being left to go it alone. Although the strike is official, no one has had any strike pay, amounting to 80p a day, nor any social security benefits, according to Mr. W. Goldstein, their convenor.

On the other side of Coventry Jaguar is concerned about "E" type sports car production, on the verge of being stopped by a strike at Adwest Engineering, Reading, which supplies power steering units. Saloon models will also be involved, if the strike continues.

Job mobility

Also in Coventry, 43 Triumph production schedulers who walked out on Friday over a job mobility dispute were back again for talks and output was resumed.

In Birmingham 330 press operators at the Austin Morris body plant at Castle Bromwich, whose strike has halted Mini car output at Longbridge, have been summoned to a meeting to-day. They were not due to meet until Thursday. Their strike, in its third week, has made 1,250 idle at Longbridge and another 2,500 at Castle Bromwich.

The operators came out after refusing to accept a solution to their manning problems, arrived at by their shop stewards with management. They rejected the advice of full-time officials of the Municipal and General Workers Union to return.

Opinion poll 'bad news' says Prior

By John Bourne, Lobby Editor

THE DETERMINATION of Ministers to devise an effective Phase III to the Prices and Incomes policy, and their anxiety to see an end to the rise in world commodity prices, will be increased further by the latest findings of National Opinion Poll published yesterday in the Daily Mail.

This showed that support for the Liberals was now 27.6 per cent, compared with 28.9 per cent. for the Conservatives and 41.7 per cent. for Labour.

Furthermore, 61 per cent. of those questioned expressed dissatisfaction with the way the Government was running the country; their main complaint was rising prices.

Mr. James Prior, Leader of the House of Commons and deputy chairman of the Conservative Party, argued in a radio interview yesterday that this single poll was "bad news but not a disaster" for the Government.

He put the blame almost entirely on rising prices, although he said the public had not realised that since the prices and incomes policy was launched last November, Britain's rise in living costs was probably one of the lowest among countries in the Western world.

Mr. Prior also questioned whether public opinion, deep down, had really swung as sharply as the NOP poll had suggested. "Given a fair wind and more stability in world prices," the Government should be able to recover public favour, he said

Tough fights

He also thought that the Liberals' swift rise in popularity—from 14.8 per cent. in June to 27.6 per cent. when the poll was taken, between August 7 and August 15—was not surprising, bearing in mind their recent by-election win over the Conservatives at Ripon and the Isle of Ely and also the publicity they had received in the Press recently.

"I don't believe that in such a short period people can seriously change their views as much as this," Mr. Prior claimed.

The Government would have tough fights with the Liberals at the two pending by-elections in Berwick-upon-Tweed and Hove, he added, but "We shall win."

According to NOP, over the last two months, support for Labour has declined by 2.2 per cent. compared with a drop of 10.4 per cent. in support for the Conservatives. At the General Election in June, 1970, the Conservatives polled 46.2 per cent. of the vote, Labour 43.8 per cent., and the Liberals 7.7 per cent.

Strict Ulster security for Heath's visit

BY RHYS DAVID

BELFAST, August 27.

SECURITY IN BELFAST will be at its strictest when Mr. Edward Heath, the Prime Minister, flies in to-morrow for his two-day visit to Northern Ireland. All soldiers in the city will be on 24-hour standby.

After a week-end of sectarian violence in which four people were killed and dozens injured, the security forces will be watching carefully for any signs that extremists intend to mark Mr. Heath's visit with further incidents.

Mr. Heath will be guarded during his stay by a heavily armed escort of civilian and military police and Special Branch men, and people attending the memorial service to Lord Brookeborough in Belfast in the afternoon—the occasion for Mr. Heath's visit—will be closely screened.

The recent escalation in violence is likely to figure prominently in the discussions Mr. Heath will be having with the main political groupings during his two-day stay.

Though the Prime Minister is known to be anxious to use the visit to put pressure on the parties to maintain the momentum towards setting up a power sharing executive, they have all listed various items over the week-end with which they hope to occupy the talks.

Mr. Gerry Fitt, Social Democratic and Labour Party leader, said his party would express its concern over alleged army harassment, sectarian assassinations and the bombing of Catholic churches as well as raising once again the question of restructuring the police force.

A strong law and order line emphasising the impossibility of setting up an effective government until terrorists have been defeated is likely to be taken by the Unionists, who will be seeking assurances that the British Government intends to back the Royal Ulster Constabulary in its present form.

The "Loyalist" Coalition representatives are likely to state their continued objections to the new arrangements for Northern Ireland in what seems certain to be the most difficult interviews Mr. Heath will have.

The Rev. Ian Paisley, Democratic Unionist Leader, met Mr. William Whitelaw to-day to press for the removal of Mr. Hubert O'Neill, the Londonderry coroner, after his attack on the army at inquests last week on the 13 victims of Bloody Sunday.

Mr. Paisley claimed at the meeting that Mr. O'Neill went beyond the rules governing coroners' courts in the Province in his remarks after the inquest when he denounced the deaths as murder. Mr. Whitelaw is thought to have told him, however, that he was satisfied that the inquests were held in accordance with the law.

Police to-day had no further leads into the deaths of the three men whose mutilated bodies were found after a garage explosion in Belfast on Saturday.

The men, all Roman Catholics, are thought to have received gunshot wounds and the supposition is that they can be added to the list of victims of the sectarian killers.

A Roman Catholic found dead in a house in Belfast over the week-end may have been "executed" by a Provisional IRA court. Another victim of IRA justice, a 37-year-old Londonderry man who was killed three weeks ago as an informer, was buried to-day two days after his waterlogged body was found in an abandoned car near the border with the Republic.

Three people were still in hospital to-day with serious injuries after the explosion of a 600 lb car bomb outside a North Antrim church yesterday.

One of them, an off-duty BBC film editor, has lost an arm. A plain clothes soldier shot in the Falls Road area on Saturday was also seriously ill to-day.

Building and engineering pay beating Phase Two limit

BY JOHN ELLIOTT, LABOUR EDITOR

THE GOVERNMENT has failed to implement a key clause in its Phase Two counter-inflation policy White Paper which would have given the Pay Board power to operate regular checks on wage levels in engineering factories and on building sites.

Wages being handed out on construction sites are known to be escalating far beyond the Phase Two £1 plus 4 per cent. limits, with earnings rising to over £100 a week for some craftsmen.

It is also generally assumed that some engineering factories with piecework schemes are also exceeding the limits.

The White Paper clause which would have opened the way for regular checks says: "Orders or notices will be made at a later date, concerning certain additional notification arrangements covering, for example, large construction sites and the operation of payment-by-results schemes."

When the Phase Two policy was being launched by the Government five months ago, Ministers and their advisers were pointing to this paragraph as a major weapon in their armoury aimed at checking local pay deals which lead to inflationary wage drift.

It was assumed the Government would take the necessary measures within weeks, ordering building and engineering concerns over a certain size to notify the Board of their pay levels at regular intervals, say, every three months.

Information

Now, even though there is still no regular and effective check on construction or engineering wage levels, the Government appears to have no plans to issue any orders or notices before the end of Phase Two.

This is said to be partly because the Pay Board has not asked for any such action. It may also be because Ministerial advisers could not produce a scheme which would have provided reliable information.

For its part, the Board is thought to believe it has all the useful information it could cope with at present, and also that checks it is operating under other sections of the White Paper are sufficient.

Specialist Board staffs visit factories operating piecework schemes, when main pay deals are notified, to ensure that the main increases together with any piecework rises do not exceed £1 plus 4 per cent. This still leaves a vast area of payment-by-result schemes unmonitored.

On building wages, the Pay Board and Prices Commission together operate a special Construction Panel which, up to now, has only provided any advice on what information could usefully be regularly notified.

Until such advice is received, it seems unlikely there will be any fresh Government or Pay Board initiative.

The situation may change, however, with Phase Three, when the Board might have to be given information regularly. This would both reduce the amount of time Board staff spend vetting engineering pay in individual factories, and would also provide some details of building wage levels.

London art price surge expected to continue in new season

BY MICHAEL THOMPSON-NOEL

LONDON ART dealers expect prices to rise further when the new U.K. sales season opens on October 1.

The strongrooms at Sotheby's and Christie's are already filling up with important consignments of pictures, silver, porcelain and antiques. The sharp upward trend in values, which startled the art world this spring, is widely expected to continue during the autumn.

Christie's 1973-74 season opens with a week devoted to Victorian works of art. October will include important sales of French porcelain, Japanese netsuke, modern British pictures, glass, paperweights and prints. The sale of Victorian pictures on October 4-5 will include Tissot's famous *Sunday in the Luxembourg Gardens*.

Two important sales scheduled by Christie's later this autumn include the collection of the late Sydney J. Lamon, of New York, from which Christie's has already sold 15 Old Master paintings for a total of £296,130, and the second part of the Ortiz-Patino collection of French gold boxes. (Part 1, sold on June 27, realised £316,565.)

Sotheby's which already has 55 sales scheduled from September 26 to the end of October, says its early-autumn programme includes significant sales of Chinese works of art, English and Continental furniture, French tapestries and Meissen porcelain.

Of the smaller auction houses, Phillips reports that more and more consignments from abroad, particularly the U.S., are arriving for sale in London. It has doubled the size of its picture saleroom and extended its cataloguing department.

Bonham's celebrates 180 years of auctions on November 1 with with 20,000th sale—on important group of 17th, 18th and 19th century English and Continental oil paintings. It has also enlarged its Montpelier Galleries in London and plans to start fortnightly sales of watercolours.

Optimism in the fine art market is fuelled by the belief that many factors which led to last season's huge upsurge in prices still hold good. The international currency situation demains unclear and many stock markets are still depressed.

Corporate buying of works of art by City institutions seems bound to intensify, and the way in which London has reaffirmed its position as the centre of the world art trade in the past 12 months will continue to attract foreign vendors and dealers alike.

Continued from Page 1

U.S. letter-bomb blast

getting their hands blown off. "Do not take the attitude 'we do not want to trouble the police'," they stressed.

Scotland Yard issued the following guide for opening post.

1—Watch for envelopes about 8 by 5 inches, addressed in handwriting, that look as if they might contain a thin book the size of an ordinary paperback.

2—Remember that the letter has travelled through the post and will not explode unless tampered with. It should be carried to a protected open space or a garage where it can be left completely uncovered. No one should handle it until the police arrive.

3—Do NOT put it in water or cover it with sand or anything else. Confining explosives makes them more dangerous.

The bomb squad, under Chief Superintendent Roy Habershon, has been trebled in strength to around 120 men and women. Between last Monday and midday Thursday they had dealt with some 1,250 calls.

Because of the general situation and the fact that no one had claimed responsibility for the letter bombs, Mr. Bond said it seemed those responsible were "runaway bombers" and suggested the IRA might have lost control.

Police cars equipped with loudspeakers will be continuously broadcasting warnings to people at the larger railway and underground stations this morning.

None of the 11 letter bombs so far has been addressed to anyone's home. The police appealed for senders of mail that conformed with the description of the letter bombs to put their name and address on the back so that the recipients could judge whether or not it was legitimate.

A great response had been received by the police after their request for details about two people seen near the Hampstead, North West London, blast—the first one—which damaged a shopping arcade.

Eleven bomb scares—two at Chatham, three at Plymouth, and six at Portsmouth—disrupted this year's "Navy Days"—the three days when Royal Navy ships are open to the public.

PRICES OF SOME FOODS CUT BY LITTLEWOODS

Littlewoods Stores has announced price cut on more than 50 food items.

Littlewoods stated that it would continue to keep prices as low as possible by absorbing the major part of any new cost increases.

Examples of the reductions are: orange squash cut from 14p to 12p; pork luncheon meat from 14p to 12p: canned soups from 3½p to 3p; Swiss rolls from 9p to 8p; and boiled ham from 18½p to 17p.

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